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ABSTRACT

Transcripts of the 1971 Senate hearings on rural development (held in Sioux City, Iowa; Montgomery, Alabama; Vermillion, South Dakota; and Tifton, Georgia) are presented in this document. Derived from many sources representing the varied interests of each host State, representative testimony includes that of: city and state officials; university students; college deans and professors; extension workers; legislators; bank executives; community action committees; etc. Among the many specific representatives presented are: the National Urban League of South Dakota; Iowa State Employment Service; Siouxland Interstate Metropolitan Planning Council; Central Savannah River Area Planning and Development Commission; Tri-County Appalachian Regional Health Planning Commission; Northeast Iowa Power Cooperative; the Southern Rural Project; South Dakota Farmers Union; North Central Alabama Regional Planning and Development Commission; the United Sioux Tribes of South Dakota; Alabama League of Municipalities; Tennessee Valley Authority; North Alabama Traffic Club; University of Alabama Medical Center; rural Community Assistance Consortium. (JC)

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RURAL DEVELOPMENT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT

OF THE

COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

1. BALANCED NATIONAL GROWTH POLICY
2. NATIONAL RURAL DEVELOPMENT PROGRAM
3. S. 1612, THE RURAL COMMUNITY DEVELOPMENT REVENUE SHARING ACT OF 1971
4. REORGANIZATION OF U.S. DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES

PART III

MAY 3, 1971 — SIOUX CITY, IOWA
MAY 4, 1971 — VERMILLION, S. DAK.
JULY 8, 1971 — MONTGOMERY, ALA.
JULY 9, 1971 — TIFTON, GA.

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RURAL DEVELOPMENT

MONDAY, MAY 3, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Sioux City, Iowa.

The committee met, pursuant to recess, at 1:35 p.m. in the U.S. District Courtroom, Third Floor, Post Office Building, Fourth and Douglas Streets, Sioux City, Iowa, Hon. Hubert H. Humphrey, (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Allen, Miller, and Bellmon.

Also present: Representatives Denholm and Abourezk.

Senator HUMPHREY. The Senate Subcommittee on Rural Development of the Senate Committee on Agriculture and Forestry will now come to order, and we will proceed according to our program and agenda with today's first field hearings.

We are very pleased to have with us a number of local officials, officials of the State of Iowa, South Dakota, Nebraska, Minnesota and also Members of Congress: Congressman Mayne, Congressman Culver, of Iowa, Congressman Denholm and Congressman Abourezk, South Dakota. The members of this subcommittee, including the Senator from Iowa, the ranking Republican member of the full committee Senator Jack Miller, the Senator from Alabama, Mr. Allen, the Senator from Oklahoma, Mr. Bellmon.

These are the members that are here. There are other members that could not be with us today but we are very pleased that we have at least a representation of members of our subcommittee.

Ladies and gentlemen, I have a very brief statement and then we will proceed with our first witness, and we are honored today to have as our first witness who will follow my statement the distinguished Governor of the State of Iowa, Mr. Robert D. Ray.

We are very pleased, Governor, to be in your State and we are here at the invitation, might I add, of your Senator, Senator Miller, and also of your other distinguished Senator, Senator Hughes, who could not be with us today.

We are very pleased that the ranking minority member of this committee, the Senator from the State of Iowa, Senator Miller, is with us. He promised us the greatest measure of hospitality and he certainly has not misled us. He has been wonderful, warm, courteous, and gracious.

We have had a fine morning visiting your excellent stockyard facilities here in Sioux City. We want to thank Mayor Berger particularly for his graciousness and his helpfulness. We visited the farm home of Loren Hanno, along with other farmers in the immediate vicinity. We met with representatives of the Extension Service and a vocational education director and members of the Future Farmers of America program.

At noon we were the guests and in company of the Sioux City Chamber of Commerce along with the area mayors and county supervisors and local officials.

The name of our subcommittee is, as has been indicated, "rural development," but I hope that you would permit us to say that it may be a little bit more than just that. We are talking about the need for a national growth policy. In other words, where are the people of our great America going to live as it grows and expands in population? What national policies, if any, should we design that might be helpful in making their choice as to where to live?

I am talking here about what I have called a freedom of residence policy. Actually our people are being pushed by economic factors and other factors into the great metropolitan areas of our country, until today we face what is commonly called the urban crisis.

Both the Democrats and Republicans on this subcommittee without any regard to their partisanship want Americans to be given a real choice as to where they will live and not to be driven by factors beyond their control. Both city dwellers and people in the rural countryside are being denied the basic right of where they can live.

The Gallup Poll, a reasonable measure of public opinion, shows that most people would like to live in what we call the rural areas of America, the smaller towns, communities, the size of, yes, of the La Mars, of the Sioux Cities and other cities and communities in rural America, but they find that they cannot.

In all too many instances in some of our places there is not the means to make a good living or jobs that pay a living wage. For many of the breadwinners in this country there are no real alternatives to migration, and so they leave by the thousands. In fact, over 20 million in the last 20 years have left the rural countryside of America and have gone pushing into overcrowded cities, and we are beginning to see the specter of the population of our country being on the shorelines of the great oceans, the Atlantic, the Pacific, and the Gulf States and along the beaches and the shorelines of the Great Lakes. Seventy percent of the people living on 2 percent of the land.

To handle the new problem that will come with more people over the next 30 years it is said that we will have to build the equivalent of a new town of 10,000 every day, or to put it another way, we will have to build every 40 days for the next 30 years a city of the size of Portland, Oreg.—every 40 days! That is a monumental assignment.

Now, if our present hands-off, no-plan, no-policy approach continues—and that is what we have had for the last 50 years, frankly—vast areas of rural America may very well die.

Former Secretary of Agriculture, Mr. Freeman, testified before our subcommittee last Thursday and he said that we could not have created a bigger mess if we had sat down at the drawing boards and planned it. I must say that was a rather severe indictment but that is what he said.

I might mention at this point that our staff director for these hearings is an Iowa boy from Westfield, Jim Thornton, who was the assistant to the former Secretary of Agriculture, so maybe, Jack, that may be a second reason why we got to Sioux City so early.

Our huge cities are vital hubs around which much of this Nation thrives, but most of them realize that they do not need to get any bigger, and in fact most of the mayors of the great large cities are now wondering how they can get outmigration from the cities rather than inmigration, so we need a balance, a sound and well-planned social and economic balance between urban and rural America.

They are already talking this way, for example, out in Colorado. On Thursday of this past week Gov. John Love told us of that the days of pellmell, indiscriminate development and industrial expansion for his State are over. Colorado is now being selective in choosing its industrial immigration and it is no longer interested in industry that wants to locate in the major population centers.

Our big city chambers of commerce used to measure progress in their annual records by the number of people who moved to the big city. Now they are learning in many painful ways that growth for its own sake just is not that good. So we are not just talking about rural development, are we?

It is true that two-thirds of our substandard housing is out in rural America. It is true that much of our poverty and underemployment are in our rural communities. And it is true because we have neglected the basics in rural America, things like adequate telephone service, adequate borrowing availability, even such essential things as water and sewer facilities and all the rest.

Might I caution you that to look over this beautiful countryside in this area of our Nation is not necessarily representative of the whole countryside. This is an unusually gifted and blessed part of this nation. We have influenced an unnatural growth in our cities creating what we call megalopsis situations, and we have created an unnatural growth in the suburbs of those cities, creating what one observer calls instead of slums, "slurbs."

In 1856 the steamboat *Omaha* came to this place from St. Louis carrying Sioux City's first store building. That boat was carrying more than a wooden building. Its cargo was faith, faith in the nature in the future of the Sioux land by the pioneers who built here.

When Howard Baker and John McHugh and E. A. Burgess built the auditorium that now houses the studios of KCAH, they built to provide a higher quality of life for the people here and that is the kind of thing we are talking about, not just the standard of living as the Governor of North Dakota put it to us the other day, but also the quality of life, and we hope that through regional, State, and national development and planning we can stop the situation in which Iowa and North Dakota and other States now find themselves. My home State of Minnesota, South Dakota, Wyoming, Montana, many others, find themselves as exporters of college trained young men and women, trained in their own States at public expense frequently, only to be exported somewhere else because the young did not feel that there was a place here for them.

But to do so we must have faith that it can be done and then apply the kind of will to the task that was exemplified in the Lewis and Clark expedition.

It may be that this is an emotionally troubled country, and I guess today we have reason to believe that it is in light of what is going on in our Nation's Capital and other places, but this problem of rural development is I think a tremendous challenge and it is one that we can meet and we must meet, but we are here to find answers.

I do not think this is a country of quitters. I do not think we have to take things just as they happen. And I do not believe that you think so either.

The members of this subcommittee are ready to help in any way we can but more importantly, I must say that I think we need your help, and I want to thank you for opening your minds and your hearts and your homes to us.

Senator Miller. I know that you wanted to give us a word of greeting and welcome and a statement and I yield to you.

Senator MILLER. Thank you, Mr. Chairman.

I could not possibly summarize what the subcommittee is all about better than you have. I would just like to add this footnote, that when you get into the subject of rural development, you are getting into a many-faceted problem area, problems of housing, credit, sewer and water facilities, land use, medical facilities, industrial growth, education, recreation, transportation, manpower training, energy requirements, and what kind of a mix you have of Federal, State, and local governmental financing.

Many people have heard about the revenue sharing bill for rural development of which I am a sponsor, and there are many other Senators who are sponsors of it. But that only touches a part of the overall picture.

Now, I know that in looking over the witness list and the subject matter to be covered, some of you may say, well, you are not getting into this deeply enough. You are not getting enough of a coverage.

I can assure you that Senator Humphrey and his staff will see to it that these various facets of the subject of rural development will be thoroughly and exhaustively covered by the time the field hearings have been completed. After all, this is just the first of 12 hearings, and in the nature of time, we cannot go into depth on every facet at every stop that we make. But I think we have a very fine kickoff here. Senator Humphrey, with the witnesses that you have and with the subject matters that will be discussed. And I want to publicly express my appreciation for your decision to hold the first hearings here in Sioux City and again tomorrow up in South Dakota.

Senator HUMPHREY. Thank you very much, Senator.

May I note for the record that the statements that have been given to the committee staff and members of the committee today by mayors, commissioners, supervisors, and other officials as well as individuals, will be made a part of the official record. They will be duly entered and noted.

Might I also note for the attention of the media and our visitors here today that the representatives of the farm organizations will also be called upon in other hearings to be listened to and to be interrogated and to seek their counsel and advice at some length. We have great farm organizations right here in this State, Farm Bureau, the NFO, the National Farmers Union, your farm cooperatives and many others, and all of them will be duly reported and their witnesses will be asked to testify and be heard. I mention that because we today are trying to seek out a little different level of witness and interrogation that we might not be able to get on another occasion or in Washington, and as Senator Miller has said, we are going to have a large number of field hearings and observations to learn from the people and then we are doing the same thing in Washington where we can bring people in from the national organizations and from other parts of our country.

Our first witness is the distinguished Governor of this State and we are very pleased to have him here with us and we ask him to come to the witness stand and to share his thoughts with us.

Governor Ray.

STATEMENT OF HON. ROBERT D. RAY, GOVERNOR, STATE OF IOWA, DES MOINES, IOWA

Governor RAY. Chairman Humphrey, Senator Miller, and Senator Allen, first of all, let me extend to you a very warm and cordial welcome to the State of Iowa. To you, Senator Miller, of course, a welcome back home. We are pleased to have you with us today. As a matter of fact, we are very happy that you have paid us this visit and we hope it is a very pleasant and memorable experience and one that is very productive for the efforts that you are making here to help solve a very serious problem in this country.

The appearance today of your distinguished Subcommittee on Rural Development following the visit of President Nixon and members of his Cabinet to Des Moines on March 1, has focused the attention of the Nation on the needs and concerns of our farmers and rural residents in Iowa. This is something that has long been needed and we are very pleased that you are here.

We appreciate the efforts of this subcommittee.

I appreciate your invitation to share with you my personal concern for the future of our rural areas and to indicate to you some of the steps we have taken in behalf of rural development herein our State.

We, in the State of Iowa, have been blessed, and I think, Senator Humphrey, you said it very well, we have been gifted with a great many advantages not fully shared by other regions in this country.

The problems of urban congestion, slums, pollution, crime, and social unrest that have reached critical levels in many States are minimal in Iowa by comparison. We are further blessed by some of the richest agricultural soil in the world. Our countryside provides us with fresh air, clean waters, unsurpassed scenes of natural beauty, and an inspiring sense of serenity and tranquility. Iowa's greatest asset, of course, is its people; they are well known to be friendly, honest, and hardworking. In short, Iowa today is one of the most desirable places in the United States to live and to raise a family.

However, despite these many obvious advantages which Iowans enjoy, we are not without our problems. One of the most serious of these involves what I refer to as qualitative outmigration. In other words, our greatest resource for the future, the youth of Iowa, is being drawn from the State by the lack of opportunities, lack of job opportunities, in our rural areas.

As shown in table I in the attached appendix with the statement that I think you have copies of, 90.400 to 14.6 percent of Iowa's young people now 20 or 34 years of age in 1970 have migrated from the State.

Senator HUMPHREY. We will place the appendix to which you refer into the record at this point.

(The appendix is as follows:)

TABLE I.—OUTMIGRATION OF IOWANS—YOUNG PEOPLE, 1960-70[1]

Age	Date	Number	Number outmigrating	Percent of outmigrating
Group I:				
10 to 14	1960	258,800	47,900	—18.5
20 to 24	1970	203,700		
Group II:				
15 to 24	1960	358,300	42,400	—11.8
25 to 34	1970	314,800		
Combined (group I and II):				
10 to 24	1960	617,100	90,400	—14.6
20 to 34	1970	518,500		

[1] Source: Dr. Calvin Beale, USDA. Outmigration figures are based on 1950-60 survival ratios. April 1970.

TABLE II.—RURAL-URBAN COMPOSITION OF IOWA POPULATION, 1970

Source	Number	Percent
State population	2,825,041	
Urban	1,616,405	57.2
Rural	1,207,971	42.8
Places 1,000 to 2,500	203,322	7.2
Other rural	1,004,649	35.6

TABLE III.—EMPLOYMENT BY INDUSTRIAL SECTOR, 1960–70

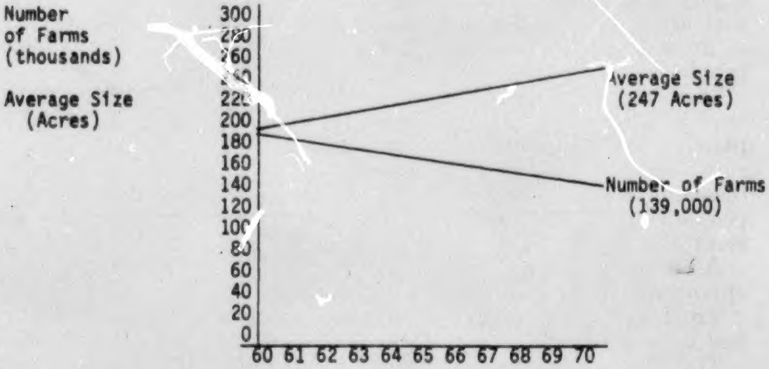
[In thousands]

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	Percentage change 1960–70
Total non-agriculture	686	680	686	701	720	755	806	836	857	880	883	29
Manufacturing	174	171	174	178	183	192	211	219	222	225	213	22
Durable	92	89	92	97	100	108	124	129	131	131	122	33
Nondurable	82	82	82	82	83	85	88	90	92	94	92	12
Nonmanufacturing	512	508	512	523	537	562	595	618	634	655	670	31
Wholesale and retiil	170	170	170	172	178	186	195	199	200	205	208	16
Services	95	96	99	101	105	112	120	130	137	142	146	49
Government	117	122	125	129	133	138	148	157	163	173	176	51
Agriculture	247	246	248	245	231	217	217	196	192	190	189	−23

Source: Iowa Employment Security Commission.

FIGURE I

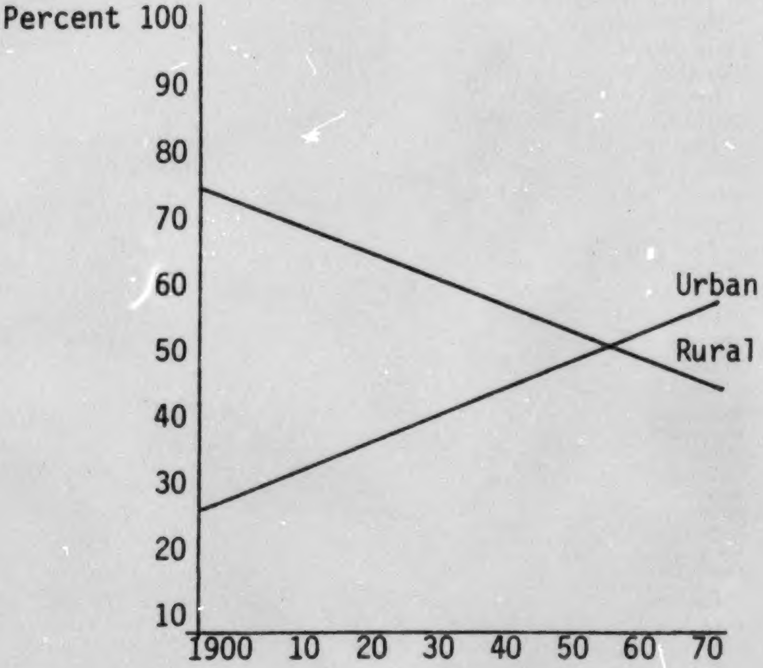
NUMBER AND AVERAGE SIZE OF FARMS 1960-1970



Source: Iowa Crop and Livestock Reporting Service

FIGURE II

RURAL-URBAN COMPOSITION OF IOWA 1900-1970



Governor RAY. The loss Iowa sustains when these well-educated, highly-motivated, and talented individuals move to other States that are able to capitalize on their abilities and tax their earnings is great indeed. It is a compliment I might say to our young people that they are in such demand.

This youth drain coupled with the fact that Iowa ranks second only to Florida in the number of aged, 65 years of age and older, places a great strain on the economic and leadership base of our rural communities. Consequently, because young people have left these small towns and rural areas and great numbers of older people remain, the potential of these communities for rural development also tends to decline at an increasing rate.

A major reason for the youth drain is the decline of employment opportunities for young men and our young women in Agriculture.

To combat increasing operating costs farms have become larger and more automated, thus reducing farm employment opportunities.

The number of farms in Iowa decreased by 32 percent during the sixties while average farm size increased 30 percent as a result.

At the same time, agricultural employment declined by 23 percent between 1960–70 to an all-time low of 189,000 workers.

Employment opportunities for displaced agricultural workers can seldom be found in our small rural communities. Most of Iowa's communities are small and many of them are growing smaller.

Currently 94 percent of Iowa's communities are less than 5,000 in population.

Small towns also cannot provide enough jobs opportunities for their own youth. Whenever small towns and rural counties in Iowa lose their youth, their population obviously declines.

Iowa's counties lost 75 percent of other population between 1960 and 1970.

The outmigration of young people who marry and rear families elsewhere affects our population growth. In terms of overall population, the State as a whole grew at the rate of only 2.4 percent from 1960 to 1970.

You might want to contrast our growth rate with other neighboring Midwestern States. They range from the figures, that appear on page 4 of this statement, from Michigan, which had a 13.4-percent increase, and Wisconsin, 11.8 percent, down to where we are with 2.4 percent and South Dakota, which is a neighboring State, had a minus 2 percent.

	Percent
Michigan	13. 4
Wisconsin	11. 8
Minnesota	11. 5
Indiana	11. 4
Illinois	10. 2
Missouri	8. 3
Nebraska	5. 1
Iowa	2. 4
South Dakota	−2. 1

One unfortunate consequence of the State population growth rate has been the loss of one Iowa seat in the U.S. Congress.

Let me make it clear at this point we are not looking for a population explosion at all. We understand there is a great advantage in not having great hordes of people come into our State to live, but if we do not move forward, we actually move backward because with the loss of our people on our farms, it is absolutely essential that we advance and that we provide new jobs and new opportunities. This is the reason I think some of the people that will appear before you today will talk somewhat about some of the advancements we have made in the area of industrial development and business that has come into our State on a balanced growth basis, not really in our large areas, but in our rural areas where we can call upon these people who want to stay on their farms, who want to live in rural areas, and as you pointed out, Senator Humphrey, from the poll, but they cannot do so unless they have that opportunity.

I think Chad Wymer, the director of our development commission, will dwell somewhat at length upon some of the advancements we have made in this area.

But, in summary, let me say that the unusually high rates of migration of young people out of rural areas, plus the high number of aged who remain, create a special situation of increasing concern in Iowa. Unfortunately, this unique combination of factors fails to show up in the statistics required by the Federal Government to allow rural communities in Iowa to take advantage of Federal public works programs. These public works programs were specifically created for the purpose of stimulating rural development.

For example, Iowa ranks 48th in the amount of assistance provided by the Public Works and Economic Development Act of 1965. It ranks 50th in the amount of funds provided by the accelerated Public Works Act of 1962.

I think it is paradoxical that the more that young people migrate from our rural areas, the less qualified the State of Iowa is to participate in federally assisted rural development programs. It tends to work something like this:

Federal rural development programs are designed to assist only those counties throughout this Nation with high levels of unemployment and low per capita income.

Iowa's counties, however, do not have unusually high levels of unemployment because Iowans refuse to sit around and become unemployment statistics; they leave when job opportunities are not available to them.

And, because of this outmigration of jobless and the combining of our farms into larger units, Iowa maintains a relatively high per capita income.

Thus, Federal aid for much needed rural development is denied Iowa, perhaps the Nation's No. 1 rural Farm Belt State.

The result—Iowa is shortchanged.

The plight of Iowa's declining rural areas is finally being noticed at the national level. As President Nixon stated in his rural community development revenue sharing message to the Congress of the United States on March 10, 1971:

> As well intentioned as past rural development efforts have been, strict federal eligibility rules have often stood in the way of fair sharing of all federal resources for rural development, or have made it difficult for states and lo-

calities to do what they must to attract industries and services. For instance, many parts of the Midwest, which experienced some of the heaviest rural outmigration in the Nation during the 1960s, still do not qualify for Economic Development Administration Grants.

One can then see why President Nixon's overall revenue sharing program has struck a responsive chord here in our state. This is true of the President's $1.1 billion program for rural community development as well as his general revenue sharing proposal. Rural revenue sharing would eliminate the eligibility criteria which have in the past disproportionately diverted millions of Federal tax dollars paid by the people of Iowa for the rural development needs of other States.

Not only would rural revenue sharing serve to strengthen State and local government in Iowa, but it would also dramatically increase the financial capability of State government to deal with the problems of rural development. For example, we have estimated that the Iowa share of the rural community development revenue sharing program would annually exceed by 102.6 percent, or over $14 million, the average amount we have been receiving since 1966 under various Federal categorical programs. These are the same programs which are to be folded into the rural revenue sharing package.

When President Nixon came to Des Moines recently he expressed an opinion which I believe has considerable merit. At that time he stated:

> If the lessons of the past decades mean that as power has been concentrated more and more in Washington, as decisions have increasingly been made by remote control the special needs of our rural communities and of the great heartland of America more and more have either been neglected or even gone unrecognized.
>
> I want these decisions that affect rural America made by people who know rural America * * * And the people who know a place best are the people who live there * * *. (Address to the Iowa General Assembly by President Richard M. Nixon, March 1, 1971.)

We in Iowa are concerned; seriously concerned, about the future of our rural communities, our rural areas, and our great agricultural industry. Federal rural development programs are designed to assist only those counties throughout this Nation with high levels of unemployment and low per capita income. We are a very basic agricultural State and we must rely upon this.

Our concern has led us to initial steps to make sure that Iowa State government participates effectively in the important decisions that lie ahead in the area of rural community development.

Let me also at this point state that we have to recognize that farm income is of vital concern to everybody in our State, not just the farmers, although naturally it directly affects them. Without adequate farm income, of course, our whole State suffers, and we know that particularly after what happened at the end of last year when hog prices dropped and they dropped from $26 to $15 or $14. You can best be assured that we were in trouble in the State of Iowa. And we all are affected by that, government alike.

On February 5, 1971, I issued an executive order creating a program and council for rural community development. This program is aimed at enhancing the quality of life for present and for future generations of Iowans living in rural areas and communities.

I am personally serving as chairman of this council which is composed of the chief administrative officers of eight State agencies. These agencies include Iowa Department of Agriculture, the Office for Planning and Programing, the Iowa Development Commission, the State Office of Economic Opportunity, Iowa Conservation Commission, the Soil Conservation Committee, the Cooperative Extension Service of Iowa State University, and the Department of Health. In addition, our Employment Security Commission and Departments of Social Services and Education will be sitting with these other agencies on the council.

This rural policy council approach is consistent I think with the President's Task Force on Rural Development which recommended, and again I would like to quote:

> Each State government should be encouraged to establish a top-level rural development council in the State executive branch, name a State coordinator of rural development and designate a department, agency or organization within the state to have primary responsibility for coordinating State governmental activity for rural development in the State.

One of the first of its kind in the Nation, the rural policy council has been given the responsibility of improving rural Iowa's interagency coordination at all levels of government and to facilitate more unified and immediate responses to the needs of rural Iowa.

Some of the major areas of inquiry and coordination with which we will be dealing include: Agriculture and farm income, employment opportunities, local government capabilities, availability of transportation services, delivery of education, manpower, law enforcement, health and social services, decent housing, and a suitable living environment, many if not all, Jack, of the items that you mentioned just a few moments ago.

Although the rural policy council has been in existence only a short time, we now have the vehicle to coordinate existing or future programs as necessary to bring about sound rural community development.

Let me in closing just say that we can state I think categorically that if rural development will work anywhere, it will work in Iowa. The building blocks of potential development are already in place and the task now is for us to put them together.

Thank you very much.

Senator **Humphrey**. Thank you very much, Governor. Thank you for a thoughtful statement and particularly for the enlightenment that you have given about your own rural development council and the authority that it will exercise.

Do I judge from your commentary that you favor the special revenue sharing, as distingiushed from the general revenue-sharing proposal of the President, of the administration?

Governor **Ray**. We think that it could be very helpful to us. We are not advocating that we eliminate programs. We do not know how it would really fit well into the State's structure, but we believe with more flexibility and with more latitude that we could do much more than we presently are not able to do.

I would not want to leave the impression that I do not think that general revenue sharing would indeed be helpful to us also. The $5 billion that are being talked about would allow us about $75 million. Well, that means, of course, more than a cent sales tax increase, and at the time when we are pinched financially as I am sure other States also are, this could be a lifesaver for us. But I do believe that even with the money that we are presently getting, if we had more flexibility, Senator, I think we could do a much better job.

Senator HUMPHREY. Your point is the flexibility that you would receive in the pooling and what you might call block grants——

Governor RAY. Right.

Senator HUMPHREY (continuing). From categorical grants would be helpful to you?

Governor RAY. Yes, sir.

Senator HUMPHREY. Without drawing judgments on this and to set aside general revenue sharing, which involves entirely new money—$5 billion not presently a part of any program—and getting into special revenue sharing for rural development, I find that the new money over and above last year's appropriations, that is, fiscal 1971 appropriations, will be approximately $58 million. In other words, the $1,100 million special revenue sharing for rural development, proposed by the President compares to $1,042 million of appropriated funds for 1971.

Now, all the appropriated funds have not been used or released, but that was the amount that was made available. Therefore, there is $56 million of new money to be used.

Is it your view that you would be able, in cooperation with your legislature, to follow through on most of the programs that are presently operative or do you feel that there are present programs under the categorical grants, that you would drop? Or do you feel that there are some that you would give more emphasis than others?

Do you have a kind of a plan in mind, Governor? If these funds were made available, and, we drop the restrictions, we give you the flexibility, with no strings tied, and you were to get your share of the $1,100 million for the State of Iowa, would you have in mind a program that you think might be more desirable than you presently have?

Governor RAY. Yes, Senator, let me respond to that by saying we are very reluctant to map out a complete plan or program, not knowing yet what Congress will do, but may I give you an example of how I think with some flexibility we could put the emphasis where it is most needed.

Presently our Iowa Legislature is working on passing a conservancy bill, a bill that would require the saving and conservation of our soil. Soil is indeed valuable to us in the State of Iowa, as you well know, but it is also one of the greatest pollutants for it washes away and into the streams and, of course, creates many problems with the water and with the fish and with the chemicals that are washed out with the soil, and at the same time we lose topsoil. So this conservancy bill would require conservation measures and methods to be employed so we would not lose that soil.

But our farmers have indeed a problem, because it is not like most businesses where you can add certain controls against pollution and then pass along that to the consumer. Our farmers cannot do that because of the price squeeze that they are constantly caught up in.

So if we had additional funds we would be able to help those farmers. We would help them finance the very measures they want to take but alone cannot and the bill provides presently they will not be forced into any kind of a measure without at least 75 percent funding outside and away from them individually.

Here is a place we believe where we should place emphasis if we had the funds and if we had the flexibility to use those funds we think we would do an excellent job of conserving that which is, of course, of importance to us in the State of Iowa.

Senator **Humphrey**. Governor, that is very helpful, to me and I think members of the subcommittee.

I also thought your description of the formula that is used for federal rural development programs designed to assist only those counties throughout this Nation of high levels of unemployment and low per capita income is pertinent. You really have to have conditions of misery in order to qualify for opportunities.

Governor **Ray**. Right.

Senator **Humphrey**. And what you are saying is that your people, if they find no jobs, they leave and that, of course, does not leave you with a high level of unemployment? It merely means that the unemployment was exported but it did not contribute to your qualifying for federal assistance to develop new industries and to develop new community facilities?

Governor **Ray**. You are obviously very alert and I appreciate that very much.

Senator **Humphrey**. Thank you. You are the one that is alert. [Laughter.]

Governor **Ray**. The example that I might give you is with the EDA programs. We have two places in our State presently that are receiving any funds and I understand there might be a third one coming along. But one was really grandfathered in and the other one was one where we finally received some assistance only after a business closed down and we had this great amount of unemployment.

I often think that if governments could just anticipate a little bit because if we know we are going to have this kind of a hardship, if we just knew in advance and had the resources available that we could prevent it, instead of having to wait, knowing it is coming and then try to remedy it.

So we only have Maquoketa and Albia that have any assistance at all. I might add in Maquoketa today it is being very helpful and is working, but it would have worked much better if we just had it before the disaster struck us.

Senator **Humphrey**. It's like preventive medicine. Someone once said we do not have health insurance. We have sick insurance. You have to get sick before you get the benefits. Under our Federal rural development programs you have to get pretty miserable before anybody decides to take notice of you.

Governor RAY. That is right.

Senator HUMPHREY. I join you in the battle against misery.

Senator Miller?

Senator MILLER. Thank you, Mr. Chairman.

Governor, I would observe what I think you know and that is that the special revenue sharing program for rural development does have a formula approach in which one of the factors for the first time in a Federal program is the loss of population in a rural area over the last 10 years. It is an approach that I advocated in connection with the old depressed areas legislation back about 1963; I am sorry it was not adopted but it is the right approach. It is the preventive approach. But as a result of that factor being in the formula for special revenue sharing for rural development, Iowa will come out with better than its average share, which it should, because we have lost more than the average around the country in rural population over the last 10 years.

However, I must say this, that when it comes to misery, we have plenty of misery in the rural areas, and I remember about 3 years ago, Senator Humphrey, when Secretary Freeman emphasized before our Joint Economic Committee that when it came to OEO funds, the major metropolitan areas were getting about two-thirds or more of the funds and yet just about half of the poor live in rural America.

This is a point which I am pleased to say has been recognized by the administration and there is an effort being made to give a better balance to these poverty programs as between the rural and the urban areas.

I doubt if you would be here today, Governor Ray, were it not for the fact that like all the 50 Governors, there is a deep need for money.

If we were not in a position to suggest that there would be some Federal money coming out, you probably would not be here nor do I think we would have very much testimony from the Governors. The fact is that our States are strapped when it comes to raising more revenue and that is the reason for the revenue-sharing concept.

Now, it looks to me like this rural policy council is ready to go once you get the money. And I commend you for this kind of an organization. I think that if we can work out an arrangement whereby the Federal Government will get a little more money out to the State and local areas, they will be organized, ready, willing and able to do a very good job of allocating that money where it is needed most according to their respective priorities.

But we are not trying to shift all of the bureaucracy out of Washington, D.C. I think the last figure I saw was that about over $30 billion of money is coming out from Washington to the States in a revenue sharing way. They do not call it that. They call it Federal aid of various kinds, and the proposal that I happen to have sponsored is just a part of an $11.1 billion package.

In effect we are saying we need a better balance in administering and controlling priority allocations of moneys. Leave about two-thirds of it down there in Washington, transfer one-third out here to the States and local areas of government and we will have a better mix.

But it appears to me that if we can get a better share coming out to the State of Iowa, that you are ready to work with it?

Governor **Ray**. Well, I certainly think so, Senator, and what we have attempted to do is not just appoint more people with more committees for more expense and for duplicating efforts. We have tried to take the people that are already working in the respective areas and putting them together. We then feel we can have a concerted effort in one direction.

For instance, you mentioned OEO. They now are involved in industrial development. We have an excellent development commission which can point with some real pride to some excellent developments in our State, in rural areas, but you see, if you are not careful you are going to bang heads with each other.

If we can get these people together, and this was our aim, we can then coordinate efforts so that we do not duplicate and do not make a lot of wasted motion and waste a lot of extra dollars.

Senator **Humphrey**. You are the best witness I have heard for revenue sharing so far. I want to compliment you.

Governor **Ray**. Thank you.

Senator **Humphrey**. Senator Allen?

Senator **Allen**. I want, too, to commend you on your very fine presentation and your testimony. I was delighted to hear you say that you want to be sure that the Iowa State government participates effectively in the decisions regarding rural development. And certainly you would feel that as regards the Government sector, this is not just a problem of Federal Government but it brings in the State and local governments as well and will take cooperation on the part of governments at all levels, will it not?

Governor **Ray**. No question about it. I think that is a must. And——

Senator **Allen**. Yes.

Governor **Ray** (continuing). Without, it is going to fail.

Many times we are forced to contribute money or raise money for matching funds and I know it must seem like just a mere pittance when we have to raise, say, $600,000 to get $14 million crime commission money. It must seem like a very little in Washington, but $600,000 is an awful lot of money in the State of Iowa, and it is very very difficult. We naturally cannot pass up $14 million, but just that little bit is enough to literally break us.

Senator **Allen**. You want to be in on the decisionmaking as to how these funds are going to be spent, do you not?

Governor **Ray**. And it can work very well. Let me give you an example, if I may, and I know you have got a time schedule to meet here, but a couple of years ago we ran into some flood problems, very serious ones. We found, however, that when Public Law 99 went into effect where the Corps of Engineers could anticipate the problem and build levees ahead of time, knowing where the floods were going to be, we are able to save millions of dollars of property, both government and privately owned property.

Now, how much smarter that was to spend about $2 million to save $50 million than what has happened in the past where you would wait until the floods came and you would destroy property and, worse than that, we talk about misery, people who are driven out of their homes by floods really suffer in wallowing misery, and we had prevented that before but that is what happened and then we would come back in and spend millions of dollars to try to reconstruct and make everybody happy.

It is that kind of planning with the Federal Government, the State government, local government and individuals that can make government live and really be responsible.

Senator Allen. That is mighty fine. Now, in a rural area necessity agriculture has to be the mainstay and the foundation of the area and, therefore, you must build on a healthy agricultural economy if the area is to prosper. Is that not correct?

Governor Ray. That is absolutely correct in the State of Iowa, I can assure you.

Senator Allen. Yet, in those rural areas in addition to a healthy agricultural economy we need a better balance between agriculture and industry. And can you—would you care to comment on the value that one small sound industry would have on a rural community in Iowa?

Governor Ray. Yes. I can give you several examples. Let me just take one that I think fits us very well. It is one that I worked on personally and I have some pride in, I guess, but the kitchens of Sarah Lee, a Deerfield, Ill., Corporation, has a new plant in New Hampton, Iowa, population 3,400. They employ about 300 people, or will have soon. This is an excellent company, well founded. It is stable. It is a growth industry, and nicer people you could not find to come into our State as good citizens.

They came in and are putting to work our people, not people from Illinois or some other State, but our people.

Now, that means the people from at least a radius of 50 miles around New Hampton who want to live in rural America, who want to stay here in the State of Iowa to live, have something invested in it, can now supplement their income and they can go to that factory and they can still maintain their small farms.

We wish they did not have to have any supplemental income but we know that all of these people are not going to be able to stay on their farms because of the necessity for much larger ones. But this is the kind of company we are looking for in rural Iowa.

Now, in addition to providing the jobs and the opportunities, they also are going to be using Iowa products. They use Grade A butter, eggs, milk, and flour, the very commodities that we produce in abundance here in our State. So it is a natural and it works so well.

Now, that is the kind of industry that we are attracting into our State. They are not pollutant companies. If they have any desire to pollute or think they can, we are not interested in them.

I think Senator Humphrey mentioned one of John Love's remarks in this regard. "We have an opportunity in Iowa to plan. We have an opportunity to make sure that the companies that come into our State are the type that we are talking about."

Senator Allen. So decentralization eventually then would help rural America?

Governor Ray. Yes, sir.

Senator **Allen**. All over the Nation?

Governor **Ray**. Very much, and of course, it keeps the small communities around, the towns alive. It means new retail merchants, it means the people locally get the discounts because of a larger volume of buying. It means that everybody can have services and cultural items that they otherwise would be denied.

Senator **Allen**. Thank you very much.

Senator **Humphrey**. Senator Bellmon?

Senator **Bellmon**. Thank you, Mr. Chairman.

I would like to congratulate Governor Ray on his statement. His statements sort of reaffirm my faith in State government and I am glad we have such a fine witness to help kickoff these hearings.

I want to ask first a sort of facetious question. Everywhere we have gone—we have heard about the low price of hogs. Do you think revenue sharing would help raise hog prices?

Governor **Ray**. I do not know how I could be more emphatic but if it will help our crisis, I will add a little more emphasis.

Senator **Bellmon**. Governor, I understand you have a time schedule, so I will try to be short.

In Washington we often have questions raised as to whether or not State and local governments could wisely use these revenue funds and also whether or not the interests of rural people would be given proper consideration. Do you have an opinion as to whether or not your legislature would handle this money wisely?

Governor **Ray**. Well, I think that unquestionably the people in our State, and I think it is undoubtedly true in other States, do have a feel for the problems. They might not always solve them and there are many reasons why they cannot solve them because they have diverse and different problems locally in their own communities. But when it comes to revenue, when the government does not have sufficient funds it means also the people that they are taking from in the way of taxes do not have enough funds either, and as we have seen when we have gone through the sluggish economic year of last year, people who do have money quit spending the money and we had a drop in revenue in our State because of unemployment, because of the strikes, because of the hog prices, and consequently we also had a drop in sales income. And that means that the very time that government was pinched, we had less revenue.

At the same time people had unemployment, fewer jobs, and many were earning less money. So they, too, were pinched.

Now, what happens? When this all comes together we really do not have places to go for funds. It is not that we do not need them. We still have to maintain quality education. We still have to provide some health services which incidentally are a problem in our State because of not having a sufficient number of doctors and not having them distributed in the right places.

We have these problems and we have to help solve through financial help, but if we had the revenue sharing, to answer your question very specifically, I am convinced that the people in the State and State government and local government do know what these problems are. They do know they are severe enough that they need additional funds. They cannot continue to go back to the taxpayer and say you have got to pay more so that we can provide those services.

If that revenue would come to us so that we had some flexibility and could use it wisely, I think you would see in almost all cases it would be used wisely.

Senator BELLMON. Thank you, Governor. Also, I was very much impressed by your initiative in creating a Council for Rural Community Development. As I understand it, this is largely a coordinating effort to be sure that the different agencies involved are zeroing in on the problem of rural development. But I would like to ask you this.

Do you know how any offices of the Department of Agriculture operate in the State of Iowa?

Governor RAY. No, I do not. Could you give me an idea?

Senator BELLMON. There are 99 counties, I understand, at least four—Farmers Home, Soil Conservation, Extension Service, and CP. So that is something like four hundred officers.

Do you know of any efforts being made to coordinate the work of these officers toward rural development?

Governor RAY. No. I think it will help to have a more centralized location in Kansas City. At least when we have major problems, we know that there is one place now that we can go.

I would tell you this, though, and this is in regard to our own Rural Development Council. We are inviting some of these people in, Senator, so that they can become acquainted with our council and likewise we can become acquainted with them and their services. We had Nate Rubin in just a short time ago. I am sorry, Robert Pimm in, with FHA, and he described what he was able to do and what his program was so that our people became thoroughly acquainted with this, and I think this will be somewhat helpful to us.

Senator BELLMON. But at the moment is there any effort made by the Federal agencies to coordinate all the efforts of these agencies in rural development?

Governor RAY. I am not familiar with it if there is.

Senator BELLMON. I am not familiar with it either. I am not sure how much you have.

I do not want to keep you any longer but could you give us a little more elaboration about how the Council for Rural Community Development is operating? You have been in the business now since February. I know you have not had too much experience in it.

Governor RAY. Yes. Well, we started out by having regular meetings that I am kind of reluctant to even say. I tend to think in Government people measure your effectiveness by how many meetings you have and frankly I think that is probably the worst criterion we could use. But the important thing is that we are now beginning to understand and relate one program to another.

I mentioned one a moment ago where two different groups were working in one area at one time trying to develop that area. They had a contact. The contact was lost because of not being coordinated and this is the type of thing already we are beginning to see a real coordinated effort in. We find that this is possible, that our social services department can help in many areas where we have field people out here in rural parts of our State.

Now, we did not include them originally but they in employment security came to us and said we should be also included. So now we are finding that there are areas that would like to be plugged into what others are doing, like our development commission and OEO, and so we are now beginning to have a real rapport and they are going out working on a special problem together.

Transportation is one where now we are beginning to have some flow of information back and forth between these agencies who see a need like our development commission who sees a need that you have got to have transportation or this community cannot have an industry that is interested in that particular locality. So we are getting I think a very good understanding of what each department has to do and instead of starting a new department or agency, we merely now look to the one that exists. That is where we are at present.

Senator Bellmon. Thank you, Mr. Chairman.

Senator Humphrey. Governor, just one thing. I think it would be helpful sometime if we do get for the record some data in connection with the special revenue sharing program and the programs that will be consolidated under it, and the matching funds that are required at the State or local level.

Now, the $1.1 billion special revenue sharing proposal does not require matching funds. My question is, No. 1, could you provide us with what Iowa puts up in matching funds? This does not need to be done now, Governor, but at a later time. And my other question is would there be the same incentive if you just received special revenue sharing funds with no requirements of matching funds on the part of the State? Would there be any incentive for the State legislature and for State authorities to put up the amount that they are presently putting up to insure the impact or to increase the impact of the present categorical grants?

Governor Ray. I think you ask a good question and I would be less than honest if I said I thought that they would put this money up. I dare say that they would find other uses for the money and we perhaps would lose that input. I think that is a matter of consideration certainly.

Senator Humphrey. I think we need to look into this one. I do not have any answer to it myself and I am not opposed to these programs. I have said to my colleagues here that I am very open minded, and I want to say that I support general revenue sharing very strongly.

The second thing I would like to observe is in reference to coordination. Although I commend you on your rural development council, it has always appeared to me that we must have at our regional offices, such as Kansas City, or Chicago, or wherever it is, a special representative of the President who is in charge of other regional directors. In other words, some sort of overall boss so to speak.

We have ambassadors in every country that are responsible for all United States programs in France, namely the U.S. Ambassador to France. He is the man responsible for coordination and for direction if you need to get an extra opinion. We have a council of equals in these regional offices. When I was Vice President I found that out. I discovered that when I went around to regional offices that it was hard to find out who was in charge. Everybody considered himself like a member of the U.N. with special sovereignty rather than considering themselves to be a part of total government. One of my ideas was to be to establish a system of special Presidential representatives, regional administrative spokesman for the executive branch of the Government. If, you, Governor Ray, had a problem of an agency and could not get it ironed out, you could go to Mr. X and ask him to please knock some heads together so you could get your job done. Right now they don't even, to use Senator Dole's words "even march together." I think we ought to take a look at that.

Governor **Ray**. Senator, you sound like a governor.

Senator **Humphrey**. I have never been one. It may be a frustration on my part. [Laughter.]

Thank you very much, Governor.

Governor **Ray**. Thank you very much. I appreciate the opportunity.

Senator **Humphrey**. Next we have Mayor Davis.

Mr. Davis, we greatly appreciate your presence and we know we also will be hearing from representatives of one of your local development groups.

I believe that we will hear from Mr. Elmer Vermeer following Mr. Davis.

Will you both just proceed.

Before the Governor leaves, may I say we will incorporate the tables of his testimony in the appendix of the record.

Governor **Ray**. Thank you, Mr. Chairman.

Senator **Humphrey**. And now Mr. Davis and Mr. Vermeer.

STATEMENTS OF MERLE E. DAVIS, MAYOR, MAPLETON, IOWA, AND PRESIDENT, NORTHWEST IOWA MAYORS ASSOCIATION AND ELMER H. VERMEER, DIRECTOR, LOW-RENT HOUSING PROJECT, NEW HOMESTEAD, SIOUX CENTER, IOWA

Mr. **Davis**. The Northwest Iowa Mayors Association has a membership of approximately 125 cities and towns in northwest Iowa in the heart of rural America.

Far too long, it has been easy to regard rural America as of lesser importance in our country while we were concentrating on developing larger factories, larger apartment houses, more transportation facilities, taller buildings, and everything which went with heroic materialism in our large cities. And we who have lived in rural America all our lives must accept some of the responsibility for this lack of attention by the Nation so far as the importance of the rural areas was concerned. Because, strange as it may seem to us now, we went right along with the common feeling that a shack here and there in the country, in addition to the dirt streets in front of our homes, were simply all that we could expect because, after all, we were only America's farmers.

But during the past few decades, our predecessors provided excellent educational institutions, and modern technology provided the same means of communication for rural America as the metropolitan areas enjoyed; we have been waking up to the fact that living in rural America is suburban living at its best, provided we were given the opportunity to share in the wealth of the land as well. And so while agriculture still suffers from a very unfair turn of the dollar bill, we have none the less wound up with reasonably clean air, rivers that are not polluted as badly as the rivers accommodating the mass populations, and at least a major portion of our landscape is covered with growing things rather than concrete or asphalt paving.

And so it is that by accident rather than by plan, that we wind up on the garden spot of our Nation. Unfortunately, our economic base is not such as will provide the necessary funds to benefit by and preserve the heritage we have.

In the last decade, many Federal programs have been developed which can help rural America continue in orderly development. We look for a development so that we can share with our city neighbors, hopefully, to relieve the mass congestion that exists in the urban neighborhoods, and furthermore, to provide a clean, healthy and happy environment for family living for the future generations of this great land.

The programs developed during the past years, although not always adequately funded, have provided the start for rural development that is so essential. Most Federal funds requiring matching funds have been generous enough to provide facilities and programs on the local level without an overburdening requirement of local funds. And at the same time, the local participation demands the responsibility on the local level to create a sense of pride in the program. Outright giveaways by the Federal Government would do little more than provide the vehicle for the continuation of inadequate services by the replacement of local taxing programs.

We believe there should be incentives, and we would know of no better incentives than a matching-fund program for priorities established by local citizens who are willing to share in the funding. So, in that respect, we say, keep up the good work, strengthen the programs, and let us insist on proper funding of the programs already in existence.

One of the finest programs to serve our rural area has been that of low-rent housing. It serves to hold the elderly near to families, churches, and social organizations where they have spent their lives. As part of my presentation on behalf of rural municipalities, may I yield a few minutes of my time to Mr. Elmer H. Vermeer, director of the low-rent housing project at Sioux Center, Iowa, and after which I will conclude my remarks.

Senator **Humphrey**. Mr. Vermeer, we will hear from you now, and speak right up.

Mr. **Vermeer**. Thank you, Senator.

My name is Elmer H. Vermeer, director of the low-rent housing project, New Homestead, at Sioux Center, Iowa. Our community is most appreciative of the committee's interest and concerns in rural America, and I appreciate Mayor Davis sharing a few minutes of time with me.

The city of Sioux Center, Iowa, has a population of 3,450, and is one of the major agricultural service centers in Sioux County. A majority of the citizens in Sioux Center are of Dutch descent, and many of our farmers in the Sioux Center trade territory are farming land which was homesteaded by their families about a hundred years ago.

Many years ago small rural communities served primarily as a trade center for foods, textiles, and implement needs. Furthermore, years ago the "community" was considered as those people living within the incorporated limits of a town, and those living outside those limits were considered farmer customers. Today, however, these lines have disappeared, and whether we live inside of the city limits or outside, our interests are in common, seeking good living qualities for all of our citizens both urban and rural. So even while the main street business section still serves importantly in the distribution of food, clothing, and farming requirements, the function of the trade community is much more than trade.

The country school house has left the scene, many rural churches no longer exist, and the rural town is now the center of activity for the entire trade area. So it becomes necessary that the rural town provide the necessary facilities and functions for comfortable and healthy living.

The low density of population as compared with dollar costs for community facilities means that many small communities find themselves in a financial bind to provide these needs and facilities so essential to provide a quality of living to keep our people in the rural area, and to avoid a further piling up of population in the metropolitan centers.

My own particular work has been that of serving the older citizens in our community, and the low-rent housing project has done this most efficiently. It should be pointed out that because a low-rent housing project serves our elderly friends, that the Federal funds involved have a particular efficiency in the turnover of occupancy. After serving the Golden Years, the facilities are available for a continuing group of occupants. I wish to bear personal testimony as to the tremendous efficiency of the low-rent housing program, and in addition, the tremendous blessing of happiness and security which it has brought to our elderly loved ones with limited income. They have been happy, and the program serves to keep elderly people near their home roots of families, churches, and social institutions.

But in a very widest sense, the small rural community lacks the capital to provide facilities for its people, and I therefore join in the request in the principle that the programs of matching funds and categorical grants have taught our people to accept the responsibility to share in the capital outlay, and to utilize the capital sharing available from State and Federal programs.

In addition to a beautiful low-rent housing facility, our fine hospital, recreational, and other facilities in which there have been Federal grants have made a tremendous contribution to living qualities for all age groups in rural America.

It is absolutely essential that Federal and State programs be updated to meet continuing needs and demands, so that the rural communities, and larger population centers can finance the needed facilities to assure a continued orderly development of communities. We hope that this committee will concentrate on the continuation of Federal matching-fund programs, as well as to look into every possible expansion of existing programs to encourage continued community growth.

Senator Humphrey. Go right ahead, Mr. Davis. You have more to your statement.

Mr. Davis. Thank you, Mr. Vermeer.

Doubtless, there are some programs which can be improved in their organization. Perhaps in some instances, bureaucracy has been the case of frustration on the local level. Again, if we are alert to our own responsibilities and needs, we believe we can compete and cope with some of this administrative machinery, and to the extent that is necessary, the Congress can correct some of the faults and problems.

Of course, we respectfully invite your attention to every program to do what is necessary to make all programs more workable. On the other hand, for us to lament about red tape is only to say, "we are not capable of participation in a sophisticated program."

We recognize fully that while it may require reams of paperwork in some programs, we also recognize that without very careful control the program can become nothing more than the Federal trough for whatever give-away may be available, and thereby precipitate a breakdown in the program. So we are willing to work with and cut through the red tape, and we plead with you to continue and expand the program so essential to rural America.

The proposals as to revenue sharing sound most tempting, but we fear that a routine return of revenue to local communities could very well serve to reduce local effort and destroy local incentive. This is not to say that municipalities large and small would not welcome the supplemental revenues. In fact, there is desperate need for these revenues, but in our opinion Federal matching funds have provided goals for communities which again and again have stimulated communities to greater effort. As a general principle, we believe that Federal participation and partnership has served to encourage the very best of our community effort.

With proper programing on the Federal level, rural America holds the key to real glimmer of hope in erasing much of the abuse we have caused in the ill-managed use of our natural resources. Some of our greatest resources are to be found in community efforts to utilize the intelligence and physical integrity of our people in redeveloping and properly managing our American heritage so that all people of this great land may enjoy a healthy, happy and fruitful life in serving God and our fellow man.

Senator Humphrey. Thank you very much, Mr. Davis. I gather from your statement and from the statement of your associate, Mr. Vermeer, that you feel that the categorical grants that require matching assistance and matching cooperation by local governments and States is desirable, that those programs are desirable?

Mr. Davis. Yes, we enjoy the programs.

Senator Humphrey. Are you concerned that by pooling or by special revenue sharing, where you abolish the categorial grants and put it all in one lump, so to speak, that you would lose some of the initiative and involvement at the local level resulting from matching funds? In other words, the present program may provide 70 percent Federal funds if you could raise 30 percent local funds. Under special revenue sharing the Federal Government would provide the State with 70 percent with no requirement for local or State matching funds. Is it your judgment that the 30 percent normally contributed or matched locally would not be raised?

Mr. Davis. I am not real sure that I understand your question, Mr. Senator.

Senator Humphrey. Let me just make it simple. The Federal Government gives you $100,000 if you can raise $30,000 under the present program for some particular project. Under special revenue sharing you would just get the $100,000, but with no requirement that you raise $30,000. Do you think you would raise the $30,000 if there was not the requirement?

Mr. Davis. I am not sure that I can answer that.

Senator Humphrey. Well, what do you think?

Mr. Davis. I think we could, yes.

Senator Humphrey. That is what I was wondering because in your statement you indicated that you were worried a little bit. You said the local participation demands the responsibility on the local level to create a sense of pride in the program. Outright giveaways by the Federal Government could do little more than provide the vehicle for continuation of inadequate services by the replacement of local taxing programs.

I had a feeling that there was some doubt in your mind. I do not say a certainty, but some doubt as to whether or not there would be the equal initiative on the part of the State and local governments.

Mr. Davis. We feel that these funds would be properly spent if local governments would match these programs. If they receive a large amount of money, they may just go out and just waste it, throw it away, and if they participate in it, some of their money goes into it, they are going to be careful about what they do.

Senator Humphrey. So what you are saying, Mr. Davis, is that by having matching requirements, you get more responsibility in the use of the funds that are made available?

Mr. Davis. Correct.

Senator Humphrey. That is your point of view?

Mr. Davis. Yes.

Senator Humphrey. Senator Miller?

Senator Miller. Just a comment. I do not want to get too confused over what is general revenue sharing and what is special revenue sharing. But this general revenue sharing of $5 billion which Governor Ray referred to, which would mean about $75 million for Iowa, and would be more than our normal share because of the factors that are involved, has a factor that ought to appeal to mayors and that factor is State and local tax effort.

Now, this is why some States do not like it, because there is a three-factor formula—population, per capita net income, and State and local tax effort.

I know one State whose Governor appeared before us is a State very high up on population, very high up on per capita income, and way down low on State and local tax effort. So they are not going to get as good a share of that $5 billion as, for example, Iowa, because we have a relatively high State and local tax.

Some of the funds in turn are parceled out through the municipalities. It would seem to me that that would appeal to you because the money would come directly to you and then you could decide what you want to use it for.

As it is now, when you get a categorical aid project, and you have to put up the matching funds, you are pretty well restricted as to what choice you have.

Under the general revenue sharing approach, you can decide whether you need some sewer money or some water money or maybe some electric energy money or housing money, and you set your own priorities, which is what I would think you would want to do. Furthermore, since State and local tax effort is a measurement there, I think you would watch the way you spent that pretty carefully.

I would like to suggest to you that we can have what you are advocating and still have this revenue sharing principle but I think it should be on a very important basis which is what you underscored. It should be done on a basis that is going to let the money be spent where it needs to be spent and not just on superficial or marginal type projects.

I am sure that is what Mr. Vermeer has in mind.

Mr. VERMEER. Yes.

Senator MILLER. Thank you, Mr. Chairman.

Senator HUMPHREY. Senator Bellmon?

Senator BELLMON. No questions.

Senator HUMPHREY. I want to thank you very much, gentlemen, for your testimony, and I would suggest at this point in the record in light of the fact that we have heard from the housing director of Sioux Center that we might put the testimony of Mayor TePaske in the record at this point, so it will fit together very nicely. He presented his statement to us earlier today on the bus during our trip between LeMars and Sioux City.

Thank you very much. We appreciate your testimony and thank you for your comment.

(The statement is as follows:)

STATEMENT OF MAURICE A. TEPASKE, MAYOR, SIOUX CENTER, IOWA

Gentlemen, we deeply appreciate this opportunity to visit with you distinguished members on these matters of utmost importance. For those of us who are the permanent residents of our rural areas, these are subjects of tremendous importance. At the risk of over-simplification, our general program is that as to how to provide adequate community services on a static or shrinking population and tax base. Without going into great detail, it is obvious that in the sophistication of modern society, there is a "snowballing" of the problem in that the out-migration of our population from the rural area has caused a crisis for which there is no easy solution.

The uncertainties of weather, prices, markets, coupled with inflation in the production costs and soaring capital requirements have all faced agriculture with problems farther than ever from solution. I mention these only because I must recognize that a discussion of these most significant matters must be left to agricultural economists and experts, and to which discussion I can add nothing.

However, as a mayor of a small but thriving agricultural community for 32 consecutive years, I do appreciate the opportunity to share some observations with your distinguished delegation. All of Iowa is proud of her Senatorial and Congressional delegation, and even its diversity is part of its strength in a democratic society.

So may I abruptly come to the point by quoting Congressman Mills who made the comment in reference to revenue sharing, "money is the name of the game!" And I am firmly convinced that the "game" in which rural communities should be required to "play" is that through the processes financial, social and psychological, of the incentives of categorical grants.

Although we sometimes have difficulty in convincing our rural friends of these facts, over 900 of Iowa's 960 municipalities exist for only one reason: to serve the agricultural community where we are located. There are no real urban-rural differences for the vast number of Iowa's communities. The better the rural municipality serves the agriculture territory around us, the better are the living qualities for both rural and urban residents alike, and thereby the municipality retains its right to continued existence.

A parade of experts has told us that Iowa has "too many small towns," and once having admitted the principle, you are immediately involved in a most painful discussion as to what to do about it. If every existing municipality is to survive and provide viable living qualities in a modern society, "we are licked before we start." Not only will society find itself unable to allocate sufficient resources, but even if it did, it would be perpetuating and keeping alive inefficiency.

Which brings me to my first point of emphasis: a firm endorsement of categorical grants by which through federal and state partnership, incentives and inducements are offered to those communities which are willing to demonstrate the energy, the effort and the capacity to help themselves. No matter what form Revenue Sharing takes, it should *never* be permitted to rob individuals and communities of their initiative and effort. Federal matching funds have already demonstrated the processes by which a community can prove its right to continue existence. The encouragement offered in this way to generate community effort and concern, first of all in a wide variety of options and priorities, and then to do its share through bonding, taxation or individual contributions, is one of the most effective means ever devised to promote community development. It is sensible, fair, and leaves the decision with the people themselves as to how well they wish to serve themselves, their communities, and all of the society in which we live.

Both within the community itself, and also among neighboring communities, included in the application of matching-fund programs should be the encouragement to the work on joint ventures. The possibilities in this respect are limitless; in actual application, only the first feeble steps have been taken. An infinite number of community programs can be maintained or enhanced in their service to society by offering strong encouragement to full utilization of facilities and personnel. The Mott Program of the Flint Board of Education, relating to the community school concept, is an outstanding example of a more efficient utilization of community facilities. These principles can be applied totally or in part to scores of situations in our society, and become virtually a matter of survival in the rural areas. Let me mention an area of community activity where resistance to the principle is almost traditional. Is there any reason in our small communities (or large population centers!) that the school library and the public library be a joint venture for the entire community? I mention this example because seemingly it should be so obvious that sharing the use of books would be one of society's greatest economies, and yet this principle of joint use of library facilities has never found any acceptance. So I respectfully submit that it is at this very point and in this area that the principle of matching funds should be applied to encourage people to work together instead of working separately.

There are three specific areas, all of them exceedingly complex, but worthy of continued federal guidance and support. I will comment on them just briefly.

I. *Health care in rural areas.* The specialization and sophistication of health care tends to follow the out-migration of population from the rural area, and as a result, under present systems for the delivery of health care, the rural area will find itself farther and farther away from health facilities and personnel. No matter what pattern is indicated in the future for *payment* of health services, the natural operation of economics will deprive sparsely-settled rural areas of adequate health service. I believe that reversal of this process can be achieved by massive increases in the supply of health manpower at every level, with special inducements to health practitioners to locate in rural areas. As an example, at the present rate of attrition, very shortly there will be no general practitioners left in any of the smaller communities. This is not a complaint or attack on any professional group; it is a reminder of society's failure, and unless the situation is corrected, small communities are doomed.

II. *The transportation needs of the rural area must take into consideration more than just the economic feasibility studies of "traffic counts."* The supply of new primary highway construction in the rural areas has not kept pace with modern automobile construction and speeds; plus railroad, and airline service continues to become more limited, and the absence of diagonal highways in Iowa linking the rural and urban centers with more direct transportation has saddled Iowa with built-in transportation inefficiencies.

III. *Low-cost recreation.* Federal funding and matching funds can continue to make a tremendous contribution to the quality of rural living through various recreational, Open Space, and other similar programs. Some of these efforts have lent themselves to unfortunate innuendoes and political bigotry, but the principle stands firm that encouragement toward the efficient and economical use of leisure time is of the utmost importance socially and economically for our rural areas.

Nobody has said it better and more concise than John W. Gardner who recently said that Americans must tax themselves "to deal with what ails us. Handing money back to the private sector in tax cuts and starving the public sector is the formula for making us—as individuals—richer and richer, and filthier and filthier communities more and more stained with consumer goods in unlivable environment."

If we can keep our public revenues in perspective with what is happening to the private and affluent indulgence of our own wishes, then there is no escaping the conclusion that those dollars we spend in combined efforts have brought us infinitely greater service and efficiency than virtually any other money we spend.

Again, may I express my appreciation of our efforts and concerns for a better life for rural America.

Senator HUMPHREY. We now have Congressman Wiley Mayne. Congressman, this is your home town, your home district, so we welcome you.

STATEMENT OF HON. WILEY MAYNE, REPRESENTATIVE IN CONGRESS FROM THE SIXTH CONGRESSIONAL DISTRICT OF IOWA

Representative MAYNE. That is correct, Senator Humphrey, and other distinguished members of the subcommittee. It certainly is a privilege and an honor to welcome you here to northwest Iowa.

Of course, Senator Miller needs no introduction here as this is also his home town, and I would also like to acknowledge the presence of and welcome my colleagues, Congressman Culver of Iowa's 2nd District and Congressmen Abourezk and Denholm from South Dakota.

Mr. Chairman, I want particularly to commend you and to thank you for having arranged the field trip this morning which included the visit to the Loren Hanno farm in Plymouth County. I think that in all probability there will be no time which this distinguished subcommittee will spend during all of its activities which will be more genuinely informative of what is going on in rural America than this visit to the Hanno place and the conversations which you and the other members of the subcommittee were able to have with Mr. Hanno and his neighbors.

As you very well put it in your remarks at the Hanno place, you were able to talk there first-hand with actual farm operators, bona fide farmers and their children and assistants who are actually undertaking agriculture in America today.

I appreciate how the great the pressures of scheduling are in setting up an itinerary for a subcommittee such as this, but I want you to know that I deeply appreciate and I am sure that the farmers of northwest Iowa deeply appreciate that they did have some chance to talk to you and the other members of the subcommittee directly, face to face, about the problems which they are facing.

I regret that we could have only 1 hour there learning their views. I think that hour was spent to the fullest advantage but it certainly would have been better if we could have had even more time. But in scheduling these things I know how everyone wants to get into the act and too often we wind up with everyone getting to put in his two bits' worth about the problems of rural development and farming except the farmer himself.

I note that on this afternoon's agenda there is only one actual farmer operator who is engaged in full-time farming who is on the entire 4½ hour agenda this afternoon.

Now, I know you have pointed out that there will be opportunities for representatives of the farm organizations to speak later, but I do think it is absolutely vital that we talk directly to the farmers of America about farm problems. There are many people—this is not said in derogation of any of the distinguished people who will appear on this program this afternoon, many of whom are vastly experienced in community development and will have a very distinguished and worthy contribution to make. But I prize the time that you gave to the farmers of America this morning where they had an opportunity to speak for themselves and I personally would have been very glad to yield my time this afternoon to some northwest Iowa farmer if that were possible.

Knowing of your deep concern for agriculture, I want again to thank you particularly for that field trip to the Hanno farm this morning and to urge upon you that you make every effort to allocate substantially more time to such visits to farms on the subcommittee's future trips.

I have been holding a series of meetings with farmers throughout this district during this spring and I can report to you that I find they have pretty much the same concerns as those which were expressed to you by Mr. Hanno and his neighbors this morning, and they all agree that the greatest single thing which is needed for rural development is improved farm income.

This would enable more farmers to remain on the farms, living useful productive lives for America. They would continue to patronize the independent small businessmen in thousands of rural communities who have been so hard hit as have the farmers been by the draining out of farm and small town population from Middle America. And the farmers who have met with me in these instances during the spring agree that the best way to increase farm income is to improve the prices of farm commodities in the marketplace.

Farmers urgently need expanded and more flexible farm credit, and this is essentially true of younger farmers just starting out on their own. They are more than willing to continue to do their full share in preserving the environment, and our farmers in this area have been working in soil conservation projects and doing more than their share for many years. But to that end, they are asking the Government to increase funding for soil and water conservation and watershed projects.

Now, I have returned from these meetings with farmers in this area back to Washington to report their needs and views, and have done my best working with you and other members of the Congress to obtain Government action in line with the very reasonable requests of these farmers, and I was very gratified to note that in his farm message yesterday, President Nixon certainly showed that those requests have not fallen on deaf ears. He announced a number of highly significant steps to improve rural development and farm income including the following:

(*a*) Insured farm ownership loans will be increased from $210 million to $350 million next year.

(*b*) The federally insured loan program for building water and sewer systems in rural areas will be increased by $100 million this year and $111 million next year.

(*c*) $28 million more will be spent next year for Federal grants for small watershed projects—that is a raise to $105 million—and loan programs to help local communities finance their share of these watershed projects will be quadrupled.

(*d*) $12 million more will be spent next year on the Soil Conservation Service.

(*e*) The President is asking Congress for $7.6 million additional for Federal and State agricultural research for fighting corn blight and other plant diseases.

(*f*) The Nixon administration will continue to promote increased supports of our agricultural products which are of such great importance to middle America. We are now exporting more than half of the soybeans grown in America. The average Iowa farm receives $3,632 gross income per year from exports. Farm exports will reach a record $7.4 billion this year, but the President has announced a goal of $10 billion and is asking Congress for an extra $1 million for the Foreign Agricultural Service which helps farmers expand overseas sales.

We are very hopeful that the increased flexibility of the new farm program will also give our farmers greater freedom to make their own planning decisions and have a better chance to maximize farm income, and here in this great cattle and hog feeding area, the increased flexibility has made the program more attractive to our farmers who are participating in record numbers because they can now participate in the program and still grow the grain that they need on their own farms.

You heard this morning on the bus that heretofore many farmers have had to buy corn. They could not raise enough corn for their own feeding requirements and participate in the national program. That is being changed this year. And while hog prices remain distressingly low, the Department of Agriculture has been making the largest pork purchases in the last 15 years. They are the largest this year of any in the last 15 years, the largest since 1956; purchases for Federal distribution and school lunch programs.

The Department has also tried to persuade chain stores and meat packers to stop dragging their heels on passing lower hog prices on to the consumer. There is no question, however, but that some packers and retailers have continued to exploit depressed hog markets by retaining exhorbitant markups and profits, and this may well require corrective action by the Congress.

Mr. Chairman, my time has almost elapsed. I want to keep within the 10 minutes allotted to me because I know you have real problems with your schedule, but I do want to say that those of us who have a long association with rural America certainly look with favor upon what appears to be this sudden surge of national concern for the problems confronting this section of our country. For too long rural America has been the stepchild where Federal assistance was concerned. The resources of this great Nation have been employed to combat the problems of the metropolitan areas with little or no regard for one of the major causes of the problem, rural to urban migration.

Granted, the problems of our cities are profound and cannot be neglected. I doubt anyone here today would advocate that they should be. At the same time, however, we must achieve an overall perspective of the problem if satisfactory solutions are to be found.

Our population continues to concentrate in certain areas of the country, primarily along the east and west coasts. With increases in size our cities have become less and less governable. Essential public services such as adequate police protection and sanitation disposal are becoming more difficult to provide.

In other areas of the country the exodus from rural areas has drained the local communities of their most valuable resource—people. The time is long overdue to turn the attention and talents of this Nation to the problems of rural America, and I know that that is the mission of this distinguished committee. I wish you every success and I promise you every cooperation.

Now, I would like permission to submit the remainder of my statement in writing because I realize my time is up.

Senator HUMPHREY. We thank you very much, Congressman, and thank you for a very informative and helpful statement.

Just one or two observations for the record here. I think all of us agree with you as to the critical need for better farm income. This has been a constant struggle in this country for 50 years and it still is not one that we have mastered.

The reason this subcommittee is not doing more about it is we have jurisdictional problems. Being Members of Congress I think we all understand that. We have the Subcommittees on Commodity

Programs. We also have a Special Subcommittee on Farm Credit. So we touch these things peripherally, so to speak. We do not want to run head-on into other subcommittees that have specific responsibilities in these areas, but we welcome, for example the thoughts that have been expressed and indeed your evaluation of the President's message on farm credit.

I think this is very constructive and it is one of the areas we will have to go into even though it borders upon the jurisdiction of another subcommittee.

All of us know, as the mayor of Sioux City pointed out and as others have, farm income is at the base of rural community development. There is no community development without it.

By the same token as Mr. Davis, speaking for the Northwest Mayors Association, said, the day of separating the town from the farm, the farm from the town, is all over and what this subcommittee primarily is looking at now is how we blend in the additional economic, cultural, education, health facilities, opportunities and transportation requirements to assist rural America, in the promises and hopes of this country.

I want to thank you very much for your contribution today.

Any other comments?

We will place the prepared statement of Congressman Mayne's statement in full in the record at this point.

(The prepared statement of Representative Mayne is as follows:)

I wish to take this opportunity to welcome you and the other distinguished members of your subcommittee to Northwest Iowa, Senator. During the course of these hearings this afternoon you will be hearing the testimony of several Northwest Iowans who have a wealth of experience in the area of community development. I am sure they sincerely appreciate having the opportunity to give you their observations and constructive suggestions.

Mr. Chairman and members of the Subcommittee, I want to thank and commend you for including the Loren Hanno farm near Le Mars on our itinerary this morning. From what I observed I am sure the conversations which took place there with Mr. Hanno, and other actual farm operators from Plymouth County, offered one of the best opportunities the Subcommittee will have to get reliable first hand information about the problems confronting farmers and rural communities today. It is unfortunate that so little time was reserved for our visit to the Hanno place—we could very profitably have spent a much longer time than one hour learning the views of this group of farmers. But I want to give you credit for having tried to consult at least a few bona fide American farmers on this trip devoted to the subject of rural development which concerns them most of all.

I know how difficult it is to set up a schedule on a trip like this. Everyone wants to get into the act and time is at a premium. All too often the result is that everyone gets to put in his two bits worth about the problems of rural development and farming except the farmer himself. I note there is only one actual farm operator who is engaged full time in farming scheduled to testify on the entire 4½ hour agenda this afternoon. I personally would have been very glad to yield my time to a Northwest Iowa farmer if that were possible. But I do want to thank and commend you, Mr. Chairman, for the visit to the Hanno farm, however brief, and I hope you will be able to allocate substantially more time to such visits on the subcommittee's future trips.

I have been holding a series of meetings with farmers throughout this district this spring and I find that they have pretty much the same concerns as those expressed by Mr. Hanno and his neighbors this morning. They all agree that the greatest single thing needed for rural development is improved farm income. This would enable more farmers to remain on the farms, living useful productive lives for America. They would continue to patronize the independent small businessmen in thousands of rural communities who have been so hard hit by the draining out of farm and small town population from middle America. And the farmers meeting with me agree that the best way to increase farm income is to improve the prices of farm commodities in the market place.

Farmers urgently need expanded and more flexible farm credit, and this is especially true of younger farmers just starting out on their own. They are more than willing to continue to do their full share in preserving our environment, and to that end have asked the government to increase funding for soil and water conservation and watershed projects.

I have returned from these meetings with farmers to Washington to report their needs and views and have done my best to obtain government action in line with their very reasonable requests. I am happy to say that in his farm message yesterday President Nixon certainly showed that those requests have not fallen on deaf ears. He announced a number of highly significant steps to improve rural development and farm income, including the following:

(*a*) Insured farm ownership loans will be increased from $210 million to $350 million next year.

(*b*) The federally insured loan program for building water and sewer systems in rural areas will be increased by $100 million this year and $111 million next year.

(*c*) $26 million more will be spent next year for federal grants for small watershed projects—that's a raise to $105 million—and loan programs to help local communities finance their share of these watershed projects will be quadrupled.

(*d*) $12 million more will be spent next year on the Soil Conservation Service.

(*e*) He is asking Congress for $7.6 million for federal and state agricultural research for fighting corn blight and other plant diseases.

(*f*) This administration will continue to promote increased exports of our agricultural products which are of such great importance to Middle America. We are now exporting more than half of the soybeans grown in America and the average Iowa farm receives $3268 gross income per year from exports. Farm exports will reach a record $7.4 billion this year, but the President has announced a goal of $10 billion and is asking Congress for an extra $1 million for the Foreign Agricultural Service which helps farmers expand overseas sales.

We are hopeful that the increased flexibility of the new feed grain program will also give our farmers greater freedom to make their own planning decisions and maximize farm income.

While hog prices remain distressingly low, the Department of Agriculture has been making the largest pork purchases in the last 15 years for federal distribution and school lunch programs. It has also tried to persuade chain stores and meat packers to stop dragging their heels on passing lower hog prices on to the consumer. There is no question but what some packers and retailers have continued to exploit depressed hog markets by retaining exorbitant markups and profits, and this may well require corrective action by the Congress.

Those of us who have a long association with rural America look with favor upon what appears to be a sudden surge of national concern for the problems confronting this section of our country. For too long rural America has been the stepchild where Federal assistance was concerned. The resources of this great nation have been employed to combat the problems of the metropolitan areas with little or no regard for one of the major causes of the problem—rural to urban migration.

Granted, the problems of the cities are profound and cannot be neglected. I doubt if anyone here today would advocate that they should be. At the same time, however, we must achieve an overall prospect of the problem if satisfactory solutions are to be found.

Our population continues to concentrate in certain areas of the country, primarily along the East and West Coasts. With increases in size our cities have become less and less governable. Essential public services such as adequate police protection and sanitation disposal are becoming more difficult to provide. In other areas of the Country the exodus from rural areas has drained the local communities of their most valuable resource—people. The time is long overdue to turn the attentions and talents of this nation to the problems of rural America. The topic of discussion this afternoon has been the subject of several Northwest Iowa Community Conferences. It has been my privilege to host such conferences on an annual basis in Washington, D.C. since my first year in Congress. These sessions have provided the mayors and other community officials who attended with an opportunity to visit personally with the representatives of the various Federal agencies and pursue solutions to local problems.

It is an unfortunate economic fact of life that all who choose to live in rural areas can not be farmers. Many former residents of rural areas long to return and would do so if our local communities could offer greater opportunities. Other important factors which they consider are the availability of adequate sewer and water facilities and quality schools.

The local governments can not be expected to bear the burden for these costly improvements alone. Local government expenses have increased 12 fold in the past 25 years. Their sources of revenue are primarily property and sales taxes which tend to be regressive and haven't kept pace with the level of expenditures.

In my discussions with farmers and community officials it has become increasingly clear that the present system of Federal assistance programs has not been successful. It is presently organized in a hodgepodge of categorical grants. These grants are overlapping, cumbersome to administer and entirely all to inefficient. The stream of tax dollars becomes a trickle after the maintenance cost of the Federal bureaucracy are siphoned off. The administrative cost of Federal programs is accounting for an increasingly larger percentage of the total program expenditures. A dollar's benefit is not received from each tax dollar appropriated. For all of its faults the Federal organization is one unit of government which certainly can not be criticized for lacking the machinery to collect tax revenues. Why not allow the Federal system to collect the funds and allow the local people to decide how these funds will be spent? The President's proposed Rural Community Development Revenue Sharing Program is a bold, imaginative new approach designed to do just that.

The President first unveiled his rural development proposal during his March 1 trip to Des Moines. Most Iowans were pleased with the President's decision to visit our state to discuss the program with the people directly concerned and I am sure are pleased to see others following suit.

The program is one of six subsidiary parts of Mr. Nixon's overall plan to share $16 billion in Federal revenue with the states. It is the President's intent this dramatically new proposal will bridge the gap between promises and performance.

The program is tailored to provide more effective assistance for community development by making Federal grants to the states more flexible. The proposal calls for lumping funds from 11 existing rural programs together with $179 million in new money for a total of $1.1 billion and distributing the entire package to the states with no strings attached for use in rural areas. With the elimination of the Federal middleman, a dollars benefit will result from each tax dollar invested.

The amount of money each state is entitled to receive is determined by a formula based on rural population, rural per capita income, and changes in rural population. This formula puts the money where the problem exists. The State of Kentucky will receive half again as much as the State of New York. Iowa will receive more than California.

The funds will be allocated to the State in grant form at periodic intervals. The States will not be required to match the Federal Funds. Activities which may be supported with revenue sharing funds include all those conducted under the Federal programs currently in existence plus such other activities as the states may designate including direct financial incentives to promote industry. The monies will be spent according to a state plan developed by the governor in consultation with an advisory panel consisting of elected officials from planning districts established throughout the State.

Jack Miller has introduced the bill in the Senate where it is now pending before the Committee on Agriculture and Forestry. The bill is worthy of support by all farm state congressmen regardless of political affiliation. An examination of the facts shows that Iowa particularly will reap a real bonanza under the President's proposal. According to figures obtained from the Department of Agriculture, Iowa received $12.1 million in rural categorical grants under the present system in fiscal year 1970. According to figures released by the White House, Iowa would receive $28.6 million from the President's proposal the first year it is in operation. This would be a windfall gain of $14.5 million annually. Then, of course, the entire $28.6 million will be spent as determined by the local people.

A reorganization of the existing categorical grant system as proposed by some will not be sufficient. It is time to move away from a system of rigid Federal controls and provide the local people with the means to deal with local problems.

Senator Humphrey. We have Congressman Culver here and we will ask him now to come forward.

We welcome you, Congressman, and thank you for your longtime interest in these matters of rural America. We look forward to hearing from you.

STATEMENT OF HON. JOHN C. CULVER, REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF IOWA

Representative Culver. Thank you very much, Mr. Chairman, Senator Miller, Senator Bellmon, Senator Allen.

I also wish at the outset to welcome you to the State of Iowa and to commend you personally for your leadership in this critical area of public policy and also for the interest and participation of the other Senators who are here today.

Senator Humphrey. Congressman, I have just been informed that last week you introduced legislation entitled "The Small Community Development Act of 1971," and it had 36 bipartisan cosponsors and it is designed to do three things.

One, assist small communities in the construction of or rehabilitation of multipurpose community centers for health, recreation, library, public safety, and local government.

Two, assist in the renovation of small community business districts.

And third, simplify administrative procedures so that local officials can get help on a onestop shopping center basis.

I thought we ought to enter that into the record.

Representative Culver. Thank you very much, Senator.

Mr. Chairman, I am submitting a detailed statement. With your permission, for the record.

Senator Humphrey. We shall incorporate it at this place.

(The prepared statement of Representative Culver is as follows:)

Mr. Chairman, I want to thank you for the opportunity to appear before the subcommittee today, to address the need for a commitment to a national growth policy establishing a sound balance between rural and urban America.

A good starting point is the Nation's population distribution. More than 20 million people have abandoned the small farms and towns for the large cities, so today more than 75 percent of our people are now crowded into less than 2 percent of our land. The recent census confirmed that rural America has been undergoing an outmigration crisis. From 1950 to 1960, 1,500 of the 2,700 rural counties lost population because of failing incomes, disappearance of jobs and other economic opportunities, and because of a deteriorating or lagging ability to support community facilities and institutions. In the decade of the 1960's, the story was the same—nearly half our counties lost population, and 1000 of them were the same counties. In Iowa, 74 of our 99 counties lost population; 24 lost over 10 percent. If this trend is not reversed, it has been projected that by the year 2000 over 100 million more Americans will be crammed into the large urban areas where 150 million are already living.

This exodus from rural America has been primarily the best equipped and the least equipped people in terms of skills and training. The departure of the best equipped stripped rural areas of vital human resources. The arrival in the cities of the least equipped compounded the problems of the cities.

The people left behind include a higher-than-average ratio of those under 18 and over 65 years of age. This non-working ratio is often 20 per cent higher for rural counties than for urban counties.

There seems to be, however, a growing awareness that this trend is undesirable—that it is bad for both urban and rural America for our population to be so heavily concentrated. On one hand, these population concentrations result in the universally recognized "urban crisis" in the over congested metropolitan areas, as the economic and social costs of population growth outruns resources. On the other hand, it leads to a corresponding—but still largely unrecognized—"rural crisis," as the depopulating areas suffer from economic decline and stagnation and an erosion of the resource base that supports public services.

It is time for the Nation to recognize the "rural crisis":

Over one-half of the Nation's substandard housing is located in rural areas. One out of every 13 rural dwellings is classified as unfit to live in.

Some 35,000 rural communities now lack modern central water-systems, and 44,000 lack adequate waste disposal systems. Thousands lack medical centers, libraries, good schools, and recreation facilities.

Few of the nearly 14 million jobs created in the last 15 years were in rural America. Unemployment and underemployment rates in rural areas are 2 to 3 times greater than in urban areas.

In suburban areas, one person in 15 is poor—in the cities, one person in 8—in rural areas, one out of every 4.

Rural farm children complete an average of 3 years less schooling than their urban counterparts.

Twice as many people in rural areas proportionately suffer from chronic health conditions. Twice as many proportionately die from accidents due to a lack of emergency services.

Although 27 percent of the Nation is rural, only 12 percent of our doctors, 18 percent of our nurses, and 14 percent of our pharmacists are available in rural areas. In 1967, the ratio of population to a doctor was 681; in Iowa it was 841.

President Nixon reflected some awareness of the rural crisis when he disclosed in his first state of the Union message that the objective of national policy must be not only to "stem the migration to urban centers but to reverse it." And the Congress late last year formally expressed its awareness of the rural crisis when it committed itself, in title IX of the Agriculture Act, to a "sound balance between rural and urban America" and declared "the highest priority must be given to the revitalization and development of rural areas." Yet the President has proposed no measures, and the Congress has enacted no measures that come anywhere near to being adequate to achieve the policy objectives of a national growth and settlement policy covering the geographic distribution of economic opportunity, jobs, and people.

If we are to implement such a policy we must first recognize that the headlong pace of urbanization cannot be checked without very strong government assistance to rural areas. We must realize that the forces behind urbanization are powerful and will require governmental action of sufficient leverage.

The forces I am talking about are economic, not social. It is a myth that most people want to live in big cities. A 1968 Gallup poll indicated that where people are given a choice, 56 percent preferred a rural setting; 25 percent suburban; and 18 percent the city. But people have to live where the jobs are. Concentration of population has followed concentration of economic activity. This trend can be reversed if the Federal Government helps bring about greater balance in national investment through diverting into neglected areas much of the economic growth over the next several decades, that would, in the absence of such policies, be located in already congested population centers.

If we are serious about developing a balanced national growth policy—as well as we should be—then we must accept the challenge of a national effort. We have reflected on rural development for two decades and now the luxury of time has run out—the crisis demands action. The following suggestions are not specific legislative recommendations but rather guidelines the committee may want to follow in preparing their legislative package. I suggest that a government policy designed to effectuate a balanced national growth policy must have four facets.

1. *Community services:* Economic growth depends primarily upon an infrastructure of public services. Too often public services in rural communities fall far short of the standards set by the metropolitan areas with which they compete for industry. In order to be able to provide adequate access roads, water and power supplies, and sewage facilities for industrial plants, rural communities need Federal assistance. In addition, rural communities cannot, through their own efforts, provide the other services that make a community an attractive place in which to live and work—good schools, health facilities, park and recreational facilities, adequate housing, sanitation facilities and so on.

In short, balanced population growth will not occur until public services in non-metropolitan areas are raised to a parity with the level of public services in the metropolitan areas with which they must compete for industry. This will require generous funding, as well as programs which are tailored to small community needs rather than to urban problems. To this end, I introduced last week the Small Community Development Act of 1971, which would provide Federal assistance to small communities in renovating their business districts, and in constructing community centers which would provide government, health and recreational facilities.

2. *Economic incentives:* As I said earlier, people live where there are jobs. Without new investment incentives to encourage industry to locate more facilities in rural America, the jobs will continue to be in our already over congested metropolitan centers. During the 19th century we utilized incentives to encourage people to move westward; today we should do no less, since to do so would help alleviate both the urban and rural crisis.

3. *Rural credit sources:* The Congress many years ago created a series of credit instrumentalities for agriculture but non-agriculture enterprises in rural areas are equally remote from the Nation's financial centers and thus have the same kind of difficulty in obtaining credit. This is a gap that needs to be filled by some form of public or quasi-public credit institution. A rural development bank could guarantee loans made through private lenders for community or area development and improvements; fund housing; provide loans to industry and businessmen who are willing to establish or relocate business in smaller communities; provide direct loans to communities for special community facilities and services; and provide a full range of technical and planning assistance to those groups and individuals eligible to borrow money from the institution.

4. *Organization:* If rural development is to succeed we must create a new national and regional planning framework to develop and coordinate the thousands of Federal and State rural development programs, individual projects, and area planning efforts operating both in the federal government, and at the various political subdivision levels within the States.

We need multicounty and multicommunity organizational groupings. Tiny jurisdictions lack expertise, and professional skills. To assist these organizations in planning, promotion, and implementation of development, technical assistance and community development management assistance should be available on a full time, permanent basis to each multicounty or multicommunity organization.

I have set forth a rough plan for a balanced national growth policy. In the days ahead we must remain cognizant of three problems inherent in the course we are dedicating ourselves to follow. First, we must realize that we cannot sacrifice effective agricultural programs to rural development. We have to build on our economic base of agriculture, not risk that base in the name of rural development. Second, we must plan rural America's rebirth carefully so as to preserve its environment. We must not again enslave ourselves to progress and technology. We must recognize that growth simply for growth's sake is not an appropriate goal. Third, and most important, we must soon bring a halt to rhetoric. The rural crisis has been as much studied as neglected for 20 years; immediate and sustained action is all it now needs.

Representative CULVER. I do not intend to take the time of the committee to deliver it because I know that each of you is cognizant of the problems inherent in the urban rural crisis.

I would, with your permission, like to summarize some of the guidelines which I think we should respectfully be following in developing a balanced national growth policy.

First, I think it is essential to assist rural communities in improving local community services since economic growth depends primarily upon an infrastructure of public services. And in short, I think balanced population growth will not occur until public services in our nonmetropolitan areas are raised to a parity with the level of public services in the metropolitan areas with which they must complete for industry and other economic benefits.

I make that observation based on an opportunity as all of you have had and all of you I know have availed yourselves of and that is meeting on a continuing basis with local public officials in trying to make an accurate appraisal of their staffing and administrative requirements and needs.

Second, I think rural America needs new economic opportunities. As I pointed out in my statement for the record, people live where there are jobs; without new investment incentives to encourage industry to locate more facilities in rural America, the jobs will continue to be in our already congested crisisridden population centers.

Third, I think rural communities need access to adequate credit. The Congress many years ago created a series of credit institutions, as you are all aware, for agriculture. It is time, in my judgment, that Congress recognize that nonagricultural enterprises in rural areas are equally remote from the Nation's financial center and that they have the same difficulties in obtaining credit.

This is a gap that should be filled by some form of public or quasipublic credit institution.

Fourth, I think we are going to have to create multicounty and multicommunity organizational groupings, and a new national planning fromework to plan, promote and implement rural development. To assist the multicounty and multicommunity organizations in the planning, promoting and implementation of development, giving them the necessary technical and community management assistance that they now lack, should be provided on a full-time and a continuing basis.

And, Mr. Chairman, I have sketched some of the directions in which I believe we should press urgently in order to find better legislative as well as administrative solutions for the problems of rural America.

We have a deep obligation to see adoption of the kind of reforms and statutes to which I have alluded and about which I am aware you have heard and will continue to hear much more testimony.

But I submit that we as legislators have an additional responsibility. It is to help create a voice for rural America which can carry the just claims of agriculture, and rural development, to an increasingly nonrural America, and to a public growlingly conscious of the unfulfilled needs of its urban sector.

More and more the voices of rural America have been discordant. The voices of rural America have been slow to assert themselves with any unity or common theme. To be sure, I think the various segments and special interests within agriculture have spokesmen. They have their trade associations and their lobbying interest groups. But these are often narrow gauged. They are only specialized and little directed to the larger needs and wider economic and social centers of rural America as a whole.

Certain commodity interests are able to pitch their demands effectively so that they are heard and acted upon, but it is increasingly rare that a program is espounsed which takes account of the whole agricultural terrain, and the interdependencies between the performance of agriculture on the one hand and the economy of rural communities as a whole on the other.

In addition, a smaller and smaller minority of Congressmen as you are all aware, represent districts where agriculture has a dominant or even a substantial role. I remember going to Congress in 1964 for the first time and being reminded that 15 years ago, 150 Congressmen out of 435 represented farm districts. Today we know that number is in the forties out of a legislative body of 435 members. So clearly if we are going to see a response politically within our current institutions of government to the just needs of a rural America, it will require a massive task of educational promotion and mutual understanding.

I think in this regard that more and more those seeking to serve the needs of agriculture and seeking to serve the needs sincerely of rural America must stop talking defensive and negative positions about the problems of the rest of the country, trying to hold onto long stated rather than move to new policies for building a better America as a whole.

An absolutely essential condition for such a reversal is the establishment of effective communications between rural and urban America. Agriculture cannot afford to talk only to itself, much less be a house divided within itself. There are, in fact, very real common interests between the vitality of rural America and the vigor of our cities. This year, for example, the public location of the new census figures is every day confirming the serious imbalances that have been referred to here earlier in the distribution of our population. The welfare crisis in our cities shows unmistakably how today's neglect of the small town in the farm areas, as the Governor has made reference to, can tomorrow bring a desperate source of social and economic stress for the large metropolis.

We therefor need, Mr. Chairman, not only publicity as these hearings usefully provide. We also need communication with urban

America, and we need to create a sense of common destiny among all the principal rural interests.

Mr. Chairman, I think we need to move toward the formation of a rural coalition, just as there has emerged in recent years a much needed urban coalition, and an increasing coalescence of mayors and municipal interests. In my judgment this would be very much in the mutual interests, both of rural and urban America. We need this to speak out in a clear voice but also to open channels of communication with the vast constituency whose numbers predominate in the Congress and with whose fate ours, too, will be determined. How often we hear of the Urban Coalition. How often we hear of the Urban Institute or the Urban League or the Conference of Mayors. We do not begrudge their effectiveness and their professional concern and capacity, but rather I think we need to emulate them in terms of rural needs in more effective presentation of them.

May I by way of example point to an urban-rural exchange program which I have sponsored along with my farm advisory group, a group of farmers that I organized 7 years ago from all farm interests in the second district of Iowa. Under their sponsorship, under their financing, we have had a program going now for that period of time bringing eastern Congressmen from urban areas out to live on Iowa farms, to better acquaint themselves during the period of 3 or 4 days with the problems of rural America.

I think that this has been a very useful program. They have returned to Washington to the assumption of their responsibilities there with a greater sympathy, a greater awareness and understanding of our very real needs and our very special problems in this area.

Now, I think as well that we have to bring about just the reverse situation. I also sponsored and directed a nationwide program several years ago in cooperation with the U.S. Conference of Mayors and the Ford Foundation, and this was a program by which we took rural and suburban Congressmen into ghetto areas in our major cities in the United States. We had very excellent bipartisan participation in this program. Some of the leaders of the Republican Party in the House of Representatives were some of the people who were most enthusiastic in their participation, and in my judgment I can confidently report that almost without exception, those who participated found the experience either in the city or on the farm to be highly rewarding, to have afforded exceptional opportunity for increased common understanding.

These visits did not seek to pit city against town or farmer against worker or east against west but rather to arouse appreciation of how there is a merger of need as well as special requirements for each—how we are all interdependent as Americans.

Therefore, I shall propose again this year that a similar, though even wider effort, be undertaken for joint urban-rural visits by Members of both parties from both the House and the Senate, and I know that you are among those that have indicated keen interest in such an enterprise and there are others in both Houses who have expressed a desire to participate.

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To be most effective I recommend that groups be organized which would have both rural and urban membership and which together would participate in at least one visit to both a farm community and a larger city.

And finally, Mr. Chairman, just as we have had city visitors live actually on the farms, and sometimes get out of bed to help with chores in the morning, to get a better understanding, of farm life and of our problems here, I would suggest we do the same thing in reverse concerning rural and suburban visits to urban areas: have Congressmen and Senators in the course of a weekend actually live and sleep in the ghettos, eat the diet of the ghettos, stay in the housing of the ghettos, sleep in the environmental circumstances and conditions of the ghettos. Hopefully we would derive a greater appreciation and perspective and raise the sight of all legislators in this country whether they be rural or urban.

Thank you, Mr. Chairman. I wish to thank you for your opportunity to appear today, to commend you again for your leadership and certainly to commend the Senators who have taken time to come out here to listen and to learn. Thank you.

Senator HUMPHREY. Congressman Culver, we do thank you and may I particularly thank you for your innovative proposals and suggestions of communication, possibly the most fruitful and constructive we have had. I think that is something that we ought to give very serious consideration and support to, not just consideration.

We are going to incorporate all of your testimony in the record as if delivered.

The matter of your proposal about urban congressmen, I just want to make this comment in the presence of my colleagues, it is my intention at a later date to meet with and to ask some of you to meet with a number of urban, essentially urban congressmen, so that we can share some views, just so we can talk some things out so that we do not get into a bind here where it appears we are pitting a rural development subcommittee against a Senate or House urban development subcommittee, because I think all of us do appreciate that these are two sides of the same coin, that there isn't any chance for either one to do much, to have much progress without the other.

Senator Miller?

Senator MILLER. Thank you, Mr. Chairman.

Thank you, Congressman Culver, for a very fine statement. I certainly am sure all of us subscribe to the idea of trying to find out what the other fellow's problems are. That is the essence of what you were talking about, in getting rural area Congressmen to visit the ghettos and vice versa.

However, with respect to the problem that this subcommittee is really trying to solve, I do not think there is much need for rural Senators and rural Congressmen to add to what they have been saying for years to these urban Congressmen. We have been telling them, look, you have got to do more for the rural areas because if you do not, our population is moving into the urban areas and causing ghetto problems, if not causing certainly aggravating the situation.

Representative CULVER. Senator, I wonder if I could just comment on that point. I certainly think that some of us have been talking but obviously we have not been very effective. It sems to me that what is essential is that we cannot talk on the one hand about mutual understanding and then have voting records in rural areas that are uniformly opposed to programs that are designed to be responsive to the particular needs of a metropolitan situation and then get reelected every year boasting about our refusal to deal with the problems of this critical aspect of national public policy.

I think what is essential is to demonstrate not just by word but by vote that we have the enlightened vision here as representatives of rural America to appreciate the interdependency of our national economy. We are not warring factors. We are in this together and we are going to hang separately or hang together. And I think it is this kind of demonstration of genuine concern and commitment that our urban brothers will be responsive to, and I think the thing we have to equip them with is an understanding so that they can make the appropriate political arguments within their own constituencies to educate their own communities about the interdependency of the economy so that if you do not have prosperity in rural America here and the fact you will not have it in the factory. But we have got to vote as well as talk. We have got to educate as well as learn.

Senator MILLER. That is so. What you are saying is that nobody should be so provincial that just because he might be a city Congressman he overlooks the rural areas or vice versa. Somewhere along the line there has been a breakdown of communication.

Former Secretary of Agriculture Orville Freeman emphasized this repeatedly, that the rural areas were not getting their fair share of poverty funds, and they were not, and yet half the poor live in the rural areas of this country. It has taken several years but finally we are starting to get a fair share in the rural areas.

So I am all for this sharing of ideas and I am all for this nonprovincialism which you talk about, but I do say that we have got to do a better job of getting the people who come from the urban areas and the metropolitan areas to realize that unless they help us stem the flow of the population from the rural areas into their areas, their problems are going to get worse and worse and worse. This is something I am proud to say has been typified by the chairman's viewpoint on this. And Senator Humphrey, having a metropolitan area background as well as a rural area background, I think is a very happy choice for this subcommittee chairmanship because he represents the blend that we need in bringing people of good will together.

Thank you, Mr. Chairman.

Senator HUMPHREY. Senator Allen?

Senator ALLEN. I want to congratulate Congressman Culver on his presentation and the thoughts and ideas and proposals that he has recommended. It certainly gives us a lot of food for thought and I will certainly be one who will study it very carefully.

In view of the lateness of the hour, Mr. Chairman, I will forego asking any questions in order that we may get through all the witnesses.

Senator **Humphrey**. Thank you, Senator.

Senator Bellmon?

Senator **Bellmon**. Thank you, Mr. Chairman. I also would like to congratulate Congressman Culver. He has certainly shown he understands the problems and has given some good ideas about how we might attack them.

I would like to ask this one question. All these agencies deal with a tiny segment of the problem of rural America and yet there is no single agency that looks at the whole picture. Is that one of your concerns?

Representative **Culver**. I think it is and I think the coordination that Senator Humphrey made reference in his experience as the vice president is a great problem for these local communities as well as those of us in public life and those in positions of responsibility in Congress. It is difficult for us to get an effective response and action upon agricultural needs generally when we see this proliferation of program and proliferation of administrative direction.

Senator **Bellmon**. Now, we have in the urban areas what is called the model cities program which is intended to coordinate all the Federal efforts to produce desirable results. Are you suggesting we may need a similar approach as far as rural government is concerned?

Representative **Culver**. Well, I feel that what we should do before we embark and place an inordinate amount of resources into that particular approach for the development of new towns, given the magnitude of the problem that Senator Humphrey made reference to where we would need the development of one town a day in excess of 10,000 population to match this kind of migration trend, I would hope, Senator, that we would place a better balance of national resources at the present time into smalltown needs as they currently exist.

It has been my experience, which was the basis of the small development act legislation that Senator Humphrey made reference to that I introduced last week, that we have in all these small communities a common denominator of problems and it seems to me that so much of our Federal aid when we talk about meeting the needs of rural areas and small town communities is out of whack. It is designed to go to large metropolitan areas. It has approaches and prerequisites for participation that are unrealistic in terms of being tailored and fitting the very unique and special needs of a small community.

So I would hope that we get a better balance in our existing on-going programs, that we try to make the substantive program more relevant to their real needs.

Specifically I have in mind, again, in this legislation, assistance in the form of loans and grants for multipurpose community centers. All these small towns need this. In every town as you gentlemen know from your own State experience, every community you go into needs parks, recreation, sewer and water, fire stations, police stations, and I have suggested that we take this money from the Federal Government, not a massive bulldozer urban renewal approach, but make available loans and grants so that these small towns can either construct new multipurpose community centers, even with the health facilities, doctors, paramedical personnel in it—all in one building—to get the maximum economy and efficiency. Each town needs a place where the elderly can gather, where the young can get together, where the police and fire needs of a small town can be housed, where the municipal facilities can meet, the city councils can get together. To achieve this end, we can either restore an existing building to make it more efficient and effective for those combined purposes under one roof, or build a new one with loans and grants from the Federal Government.

That is one thing I think would be a very exciting shot in the arm in elevating the quality of public service capabilities in small towns.

The second thing is also relatively simple, and that is to make available loans and grants to a nonprofit corporation, a local government group, to get together and restore the face of Main Street—just paint up and fix up—utilizing by methods of inexpensive renovation the unique architectural attractiveness of the areas we now have at minimum cost. A town could start with seed money for an architect's plan and then get money to stimulate a common contractor to sandblast these buildings, to paint them up and fix them up attractively, and really stimulate the retail sales potential of these small community business districts as well as their aesthetic appearance. Make them attractive places so people who want to stay in rural areas have a legitimate choice, a choice in services, a choice in the quality of their environment.

We have had two examples right nearby here, one in Albia, Iowa, one in David City, Nebr. They have had much to their credit, the local initiative, leadership, and enlightenment to get together and organize themselves on a private basis to achieve this latter objective of restoring Main Street, cleaning it up, fixing it up.

Here again this type of legislation would help in that direction.

Now, as you say, the shopping list is endless. Senator Miller properly checked over this almost inexhaustible list of things that are needed doing.

I think based on my experience of sitting down with these people on a monthly basis for the last 7 years, seeing their problems, this is the kind of thing that would really help with a minimum amount of Federal financial investment.

The last point, the thing we have got to do and must do, is simplify the administrative maze and bureaucratic jungle that these small local community officials are confronting whenever they make application for a program from the Federal Government today.

When I go into these towns and I say what is your problem and they say it is housing or it is sewer and water, or it is nursing home, fine, I will send you some information. Fine, we will followup on an application if you submit it, but I go back to Washington and I send them truckloads of books and application blanks and materials and it would take a Philadelphia lawyer to read it in 1 year, much less realistically the small community official with limited staff who is a mayor out of the goodness of his heart. It is difficult to imagine how he could ever begin to fathom all that material, make an application, and realistically troubleshoot it through bureaucratic redtape.

So the last part of this program would envision a onestop simple shopping center approach so we design not only the substantive program to fit their needs but also the administrative structure, so that they do not have to be a paid professional lobbyist in Washington or have one to figure out what they must do to get a certain just share of their hard-earned taxpayers' dollars back in to benefit smalltown America in this country. [Applause.]

Senator **MILLER**. That last point is a tremendous argument for revenue sharing.

Senator **HUMPHREY**. I want to express our thanks to you, Congressman Culver. I might add in reference to your final statement that one of the things that has been suggested, at least I have felt it was worthy of some consideration, in our large urban centers, is to develop the city up to what I call a confederation of neighbors, rather than one big urban mass, where there is kind of a separate viability, separate life in each of the neighborhoods.

We have done very little in this country to think in terms of neighborhoods. We have been thinking in terms of urban and big city. One little project that we are starting up in the city of Minneapolis is instead of calling the police station a police station, we call it a community security and service center, which I think gives people of the neighborhood a whole new picture.

The police are there, the fire people are there, the local services, the family, children services are there, the social worker is there, the kids can meet with the scout troop. The old folks can get together if they want to play checkers or go to a reading room. Having one center, a onestop neighborhood center, instead of having the police looking like they are the gendarmes over here and the fire department waiting for the ring of the bell over there, and the social worker being at odds with the police and the people being at odds with everybody, having a single center brings everybody together in one center of understanding and cooperation.

I do not know whether it will work or not but I think it is worth a try and I believe what you are saying about these neighborhood centers is very much the same with the smaller community. After all, a city ought to be made up of a cluster of communities. That is what I learned as mayor of Minneapolis. Bloomington and Lake, Chicago and Lake, Camden, Olson Boulevard, Plymouth. These were little neighborhoods. These had separate characters unto themselves. They were just as different as children in a family or different families in a neighborhood and as mayor of that city I had to understand the personality of the people that lived down on Bloomington and Lake, compared to those who lived up on Central and Plymouth Avenue. They were different people.

We are grateful to you Congressman Culver for your statement and comments.

We now have two witnesses who will work in tandem, so to speak, Mr. Don Meisner, followed by Mayor Berger.

I am going to ask Mr. Meisner, director of the Sioux Land Interstate Metropolitan Planning Council, to appear first followed by Mayor Berger, and if it is agreeable with my colleagues, we will have the two testify one after the other and then I am going to turn over the opportunity for first inquiry to Senator Allen and then we will go to Senator Miller.

STATEMENT OF DONALD M. MEISNER, DIRECTOR, SIOUXLAND INTERSTATE METROPOLITAN PLANNING COUNCIL, SIOUX CITY, IOWA

Mr. **Meisner.** Mr. Chairman, Senator Miller, Senator Allen, Senator Bellmon:

My name is Donald M. Meisner. I am the director of the Siouxland Interstate Metropolitan Planning Council (SIMPCO), a local council of governments operating in Woodbury County, Iowa, Dakota County, Nebr., and Union County, S. Dak.

Now, so you will understand, Senator, I will read to you our objectives in this organization which as I said is a local Council of Governments.

The stated objectives of SIMPCO are:

1. To plan for and promote economic and industrial development of the Siouxland Area.
2. To promote and assist in the orderly growth of all sectors of the economy.
3. To plan for and promote the upgrading of housing conditions throughout the Siouxland Area.
4. To minimize the overall and long range cost of government.
5. To plan for and promote the development of a pleasant and healthy environment for living.

Intergovernmental cooperation in this area is a reality. Local governments, with the assistance of citizens and other units of government, have prepared comprehensive development plans and planning processes for the three-county area. Coordinated planning on a multijurisdictional basis, although complicated, has proven to be advantageous to the residents of the area. Transportation systems are being planned and implemented throughout the area. Joint usage utility systems have been planned, engineered and constructed. An example is the Sioux City Water Pollution Control Facility which services all of Sioux City, the town of Sergeant Bluff in Iowa, South Sioux City, Nebr., and will soon serve North Sioux City, S. Dak.

Information systems have been developed and maintained by SIMPCO for governmental and private uses. Coordinated activities are on-going in the areas of transportation, flood control, river development, health care, land use, and development controls, data processing, purchasing, training, as well as communication, crime prevention, and drug information and education. Although we are making progress in areas of planning and development we have not been able to add sufficient employment opportunity to retain our young.

The 1930 population of this 24-county area of which this metropolitan area is the center, was listed at 458,000 people. The advance reports of the U.S. Census Bureau indicates that the 1970 population is 426,512, a loss of 31,569 persons. Had the area experienced no migration—a zero migration factor—during this period there would have been in excess of 750,000 persons in the same area.

A comparison of ages of the area residents in 1930 and 1970 is interesting.

(The table referred to is as follows:)

1930-70 CENSUS COMPARISONS

Age group	1930 population	Percent	1970 population	Percent	Plus or minus
0 to 4	44,730	9.8	33,043	7.8	−11,687
5 to 14	95,767	20.9	87,260	20.5	−8,507
15 to 19	42,819	9.3	44,080	10.3	+1,261
20 to 24	38,357	8.3	28,990	6.8	−9,367
25 to 34	67,795	14.8	41,526	9.7	−26,269
35 to 44	62,959	13.7	44,366	10.4	−18,593
45 to 54	45,968	10.1	47,323	11.1	+1,355
55 to 64	31,445	6.9	41,996	9.8	+10,551
65 to 74	19,577	4.3	33,243	7.8	+13,666
75+	8,664	1.9	24,685	5.8	+16,021
Total	458,081	100.0	426,512	100.0	−31,569

Mr. MEISNER. It is interesting to note that no county in our area has retained its natural increase since 1930. This trend is certainly not controlled by local action or inaction and it is certainly not the desire of our residents.

We believe that the provision of adequate and meaningful employment is a key prerequisite to area progress. Based upon thousands of returns on a recent three-county manpower study, the desires of the residents were cited as job opportunity first, and those things that make possible a higher quality of life, a near second.

By not having these jobs, people are forced to migrate. This force migration changes family relationships and, I believe, adds greatly to the social problems of this Nation.

The need for a national growth policy in terms of land use and population distribution has received considerable attention as of late. It appears to me that the need for such growth policy is evident.

What is being done and what can we do about altering the existing growth pattern throughout the Nation to better achieve the quality of life for all citizens and more wisely use our scarce resources?

First of all, the things are being done. Local groups and governments are striving to provide jobs for those entering the job market. They are also making considerable gains in provision of the services, facilities, and processes that will allow the improvement of a good life. State governments are now beginning to study the problems common to our area and are establishing programs that should result in the improvement of the quality of life in rural America. More can be done—I am sure it will be—at the local and State level. At the same time, some shortrun measures can be implemented by the Federal Government.

They could do these things:

1. Restructuring of Federal aid programs to put the money here where it is needed to achieve the desired results. This could include financial assistance to those regional groups and local governments who are working together to provide responsible and responsive local government.
2. Direct and substantial financial aid to local governments to aid them in the provision of necessary public improvement to accommodate growth.
3. Immediate funding pending Federal aid programs and public work projects throughout this area that are aimed toward the provisions of jobs and the raising of the standard of living.
4. Location of additional Federal installations in the Midwest consistent with national, State, and local policies.
5. Changes in transportation services, rates, and regulations that will assist in the desired development.

Second, and in the long range, if we are to achieve any geographical balance in growth and opportunity we must materially alter present investment and development patterns. Possible development could include those industries that process or use agricultural and meat products or byproducts. Certainly we must assure that the business of agriculture is a profitable endeavor. There may also be the possibility of relocation of corporate headquarters and those industries that are relatively free of locational constraints of raw materials or other normal market considerations. In other words, we must build the economic system locally that will sustain the population and at the same time permit the people within that system an opportunity of realizing their aspirations.

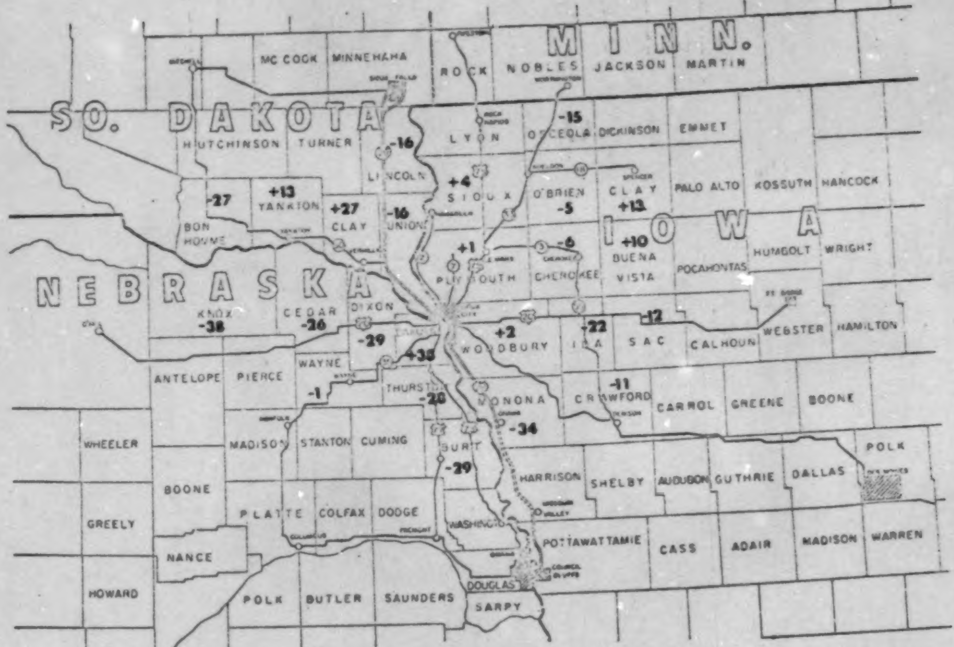
If we are to achieve the building of such a regional economic system, national incentives or disincentives may have to be implemented. Here changes may be painful and they are going to certainly challenge our minds and our energies.

In the meantime, I believe that we can realize considerable gain in our desires if those shortrange recommendations that I have already listed are implemented.

Senator HUMPHREY. The map of the Sioux City and surrounding area map showing population change will be inserted in the record at this point.

(The map is as follows:)

SIOUX CITY AND SURROUNDING AREA


MINN.
SO. DAKOTA
NEBRASKA
IOWA
MC COOK
MINNEHAHA
ROCK
NOBLES
JACKSON
MARTIN
HUTCHINSON
TURNER
-16
LYON
-15
OSCEOLA
DICKINSON
EMMET
LINCOLN
+4
SIOUX
O'BRIEN
-5
CLAY
+13
PALO ALTO
KOSSUTH
HANCOCK
-27
+13
YANKTON
+27
CLAY
-16
UNION
BON HOMME
+1
PLYMOUTH
-6
CHEROKEE
+10
BUENA VISTA
POCAHONTAS
HUMBOLT
WRIGHT
KNOX
-38
CEDAR
-26
DIXON
-29
+2
WOODBURY
+22
IDA
-12
SAC
CALHOUN
WEBSTER
HAMILTON
+38
ANTELOPE
PIERCE
WAYNE
-1
THURSTON
-20
MONONA
-34
-11
CRAWFORD
CARROL
GREENE
BOONE
WHEELER
MADISON
STANTON
CUMING
BURT
-29
HARRISON
SHELBY
AUDUBON
GUTHRIE
DALLAS
POLK
BOONE
GREELY
PLATTE
COLFAX
DODGE
WASHINGTON
POTTAWATTAMIE
CASS
ADAIR
MADISON
WARREN
NANCE
HOWARD
POLK
BUTLER
SAUNDERS
DOUGLAS
SARPY

% POPULATION CHANGE
1930 to 1970

Figure 1

SOURCE:
U. S. CENSUS BUREAU

NET MIGRATION, 1950, 1960, 1970 FOR SELECTED NORTHWEST IOWA COUNTIES

	Persons		Percentage	
	1950-60	1960-70	1950-60	1960-70
Cherokee	−3, 028	−2, 698	−15.9	−14.5
Crawford	−3, 737	−1, 376	−18.9	−7.4
Lyon	−2, 782	−2, 409	−18.9	−16.7
O'Brien	−2, 965	−2, 626	−15.6	−13.9
Plymouth	−3, 115	−1, 743	−13.4	−7.3
Sioux	−4, 893	−1, 181	−18.5	−4.5
Woodbury	−13, 315	−15, 015	−12.8	−13.9

Source: Sociology Department of Iowa State University, Ames, Iowa.

Senator HUMPHREY. Might I ask you to just move over a little bit and I am going to ask Mayor Berger if he would come forward because I am sure his testimony fits very neatly into the pattern of your discussion.

Once again, Mr. Mayor, we want to thank you for your hospitality here, and for your good work.

STATEMENT OF PAUL BERGER, MAYOR, SIOUX CITY, IOWA

Mr. BERGER. Thank you. With your permission I will use some visual aids here.

Senator HUMPHREY. Great. If you need an associate there to help you with those, perhaps you can provide them or maybe you have one.

Mr. BERGER. Mr. Chairman, other distinguished members, Senate Subcommittee on Rural Development, may I at the outset thank you gentlemen and officially welcome you to not only Sioux City but to the Tri-State area, what we call Siouxland, the heartland of the United States.

We are honored and we would like to commend you on your infinite wisdom in seeking our area here as the kickoff point for your hearings.

Senator HUMPHREY. Do you include in Siouxland that part called Worthington, Minn., Nobles County?

Mr. BERGER. Absolutely. [Laughter.]

Senator HUMPHREY. I just want to be sure because Jim Vance is here, the editor of the Worthington Globe, and I wanted to be sure we included that in.

Mr. BERGER. Absolutely.

Senator HUMPHREY. Thank you, and if anybody wants to speak from south of me, from South Dakota and North Dakota, I will be glad to let them.

Go ahead, Mayor.

Mr. BERGER. I would concur that this Nation has reached a critical state in our development process warranting the establishment of a national policy on population distribution. However, I would caution that such a policy must be deliberate, well conceived, properly funded, and structured to eliminate, to the greatest extent possible, future situations of the type we are now witnessing in Seattle, Wash., and other communities whose economy has been directly or indirectly influenced by and tied to Federal Government installations and contracts.

We are painfully aware in Sioux City of our outmigration problem and very concerned that this community cannot provide the employment opportunities for the people that are raised and educated in this area. We are equally aware of the economic impact caused by the closing of Federal facilities. The phasing out of the SAGE installation at the former Sioux City air base is a case in point in this community.

Because of the economic complexities of the problem, however, a population policy must be comprehensive in scope, recognizing both the rural and urban problem simultaneously if it is to achieve any meaningful success.

Sioux City, Iowa, is a community that has the potential to participate in providing the opportunity for people with roots in this region to remain here or to return. We are a well organized, functioning regional center supplying goods and services to a 24-county trade area of 426,000 people in three States.

I should perhaps amend that to four States out of respect to you, Senator Humphrey.

Senator **Humphrey**. I thought you were leaving out Nebraska there. I was going to protest that. [Laughter.]

Mr. **Berger**. For the past 18 years we have worked toward the fulfillment of seven basic community goals defined through a comprehensive citizen participation study completed in 1953. We have absorbed the loss of a major portion of our employment base with major adjustments in the meatpacking industry since 1954.

In 1964, an $18.5 million Army Corps of Engineers flood control project was completed, protecting our industrial Floyd River Valley. This required local participation of $5.6 million. Over $4 million of local funds have been invested in a federally assisted urban renewal project to create industrial sites.

We have moved decisively in upgrading our residential environment through the process of systematic code enforcement involving over 16,000 dwelling units to date. In those residential areas where blight and deterioration have reached advanced stages, redevelopment and rehabilitation programs are necessary and the needs of these areas meet national priority goals and objectives for Federal financial assistance. Three project applications committing this community to an eventual expenditure of over $9.2 million have been on file since 1968 with not one project yet approved for execution.

On the map you will see delineated the three areas.

Skip, I wonder if you would be so kind as to point that out. Three residential renewal areas.

For this city, conservation and redevelopment of its central business district is essential. Since 1964 we have attempted to deal with the problems in the downtown area. Federal funding of a three-block project in 1965, the first of five such projects in a comprehensive plan, was an important start in the redevelopment process, but failure of the U.S. Department of Housing and Urban Development to follow up with the funding for the other central business district projects jeopardizes the success of the entire program. Our conservative estimates indicate potential for 500 additional jobs and $200 million in value added in these areas alone.

We have progressed in many other areas such as sewage treatment, water supply, public transit, hospital expansion, crime prevention, and socially oriented programs. Our educational plans and curriculum is being revamped with the construction of three new senior high schools to provide an equal opportunity for education for all our children. Continuing education to create a skilled labor force is also a fact in Sioux City, through two 4-year private colleges and public and private vocational technical training schools.

All of this effort is being accomplished under the umbrella of a program of comprehensive community planning in which we have identified our problems, evaluated our potential, ranked our priorities, and secured the support of both the leadership and the citizens of this community. We have prepared and adopted a master plan to guide the growth of Sioux City to most effectively use our resources and build upon our inherent strengths in order to provide a more satisfying urban experience for all our residents.

The expenditure of funds for the facilities necessary to properly serve our people is based upon a well thought out capital improvements program and financial plan. However, the implementation of our plans and programs is hamstrung not by local disagreements or lack of motivation but instead by the failure of an unresponsive State legislature to recognize the critical financial needs of cities of Iowa and the failure of the similarly unresponsive Federal-aid system to fund these programs upon which we are now so dependent.

It is anticipated that the industrial growth of this community will continue at a relatively slow rate in spite of our best efforts to provide fully serviced diverse sites unless the capital investment decisionmaking process finds new incentives here. Perhaps as a part of the national growth policy.

If national policies were instituted which would stimulate an accelerated rate of employment opportunity within this community, the effect on local programs would be to collapse the time frame from the execution of existing programs. It is misleading to say simply "collapse the time frame" without underscoring the necessity to have a Federal financial assistance program which will allow the community to meet its obligations in a timely manner. It must be a more responsive program than is now being administered since we are currently unable to even execute many of the projects considered necessary to improve the quality of life for the existing residents.

The community has expended a great deal of time, effort, and money in preparing for the future. We have the desire to participate meaningfully in a national growth policy that will provide economic opportunity to area residents. We are willing to commit resources to improving the quality of life as we have already demonstrated, but there is a limit to our capabilities and a national growth policy must be responsive to local priorities and financial needs.

Thank you.

(The description of the plan portrayed by the map referred to is as follows:)

A SUMMARY OF THE SIMPCO GENERAL PLAN

The General Development Plan for the Sioux City Metropolitan Area, prepared for the Siouxland Interstate Metropolitan Planning Council, is a projection of economic and population growth to 1990 and a recommendation on how governing bodies can best plan for that growth.

The metropolitan area extends into three states and is composed of the urban areas of Sioux City and Sergeant Bluff in Woodbury County, Iowa; South Sioux City and Dakota City in Dakota County, Nebraska; and North Sioux City in Union County, South Dakota, and their immediate environs.

Lying at the confluence of three rivers, two of which form state boundaries and one of which is the navigable Missouri River, the metropolitan area has a diversified economy—largely agriculturally oriented; a stable but slow-growing population estimated at 105,000 as of 1967, and a long-standing position as a trade center for an area covering some 24 counties in the three-state area. Due to economic reverses in 1968–1969 period and preliminary 1970 census data, the population may be somewhat below the 1967 estimate of 105,000.

The metropolitan planning council known as SIMPCO, is a council of governments formed in 1965 to coordinate the planning and development of the area. Its composition consists of the mayors of Sioux City, South Sioux City, Dakota City, Sergeant Bluff, and North Sioux City; supervisors and commissioners of Woodbury, Dakota and Union Counties; planning commissions of Sioux City, South Sioux City, Dakota City, Sergeant Bluff, and Woodbury County.

SIMPCO's activities to date have included comprehensive planning, crime prevention activities, youth needs planning, coordination of physical projects, and provision of a wide range of information about the area to industrial interests and other agencies.

The SIMPCO Development Plan, initiated in February, 1967, and completed in its initial phase in May, 1969, was prepared under a contract with an Omaha consulting firm, Henningson, Durham and Richardson, with the assistance of the SIMPCO staff, state and local government staffs, and private agencies. Planning is a continual process and the pertinent planning data will be kept current.

The plan is contained in five volumes:

Volume A: Regional Setting, Economic Summary, Population, Existing Land Use and Future Land Use.

Volume B: Neighborhood Analysis, Open Space, Schools and Public Buildings.

Volume C: Water Facilities, Sanitary Sewer Facilities, and Storm Drainage Systems.

Volume D: Transportation Technical Report.

Volume E: Economic Technical Report.

POPULATION

The Siouxland area is located in the west north central region of the United States—an area which has grown in population at a slower and more uneven rate than the national population. The national growth rate from 1950 to 1960 was 18 per cent; the regional rate was 9 per cent; Iowa's rate was 5 per cent; Nebraska's rate was about 6.5 per cent; and South Dakota's rate was a little more than 4 per cent. During that period, the 24-county trade area served by metropolitan Sioux City actually lost population, from 444,000 in 1950 to 439,000 in 1960.

The SIMPCO urban area has had a slow growth since 1900, while farm consolidation in recent years has caused a population decline in adjacent rural areas. The urban area grew from 83,000 in 1930, to 88,000 in 1940, to 91,000 in 1950, to 99,000 in 1960, and to an estimated 105,000 in 1967. After going through the 1940s with practically no growth, Sioux City showed a modest gain (84,000 in 1950 to 89,000 in 1960) and then slowed down somewhat to reach an estimated 91,000 in 1967.

South Sioux City, and surrounding area, has shown the greatest rate of growth in the metropolitan area, was first enumerated separately in 1930 at 3,900 and by 1960 had almost doubled that to reach 7,200. By 1967, South Sioux City had reached an estimated 8,023.

Dakota City, first enumerated in 1940 at 477, had almost doubled to 928 in 1960 and was estimated at 1,093 in 1967. Sergeant Bluff grew from 569 in 1950 to 813 in 1960 and 1,109 in 1967 before the Air Force operation was deactivated. North Sioux City grew from 553 in 1950 to 736 in 1960 and to an estimated 916 in 1967.

All three counties of the metropolitan area have been experiencing out migration, losing part of their natural population increase (net gain from births over deaths) because of lack of sufficient employment opportunity. Union County had a natural increase between 1950 and 1960 of 13.4 per cent and lost 18.9 per cent to migration for a net loss of 5.5 per cent. Woodbury County had a natural increase of 16.5 per cent, but lost 12.8 per cent to migration for a net gain of only 3.8 per cent. In Dakota County, however, only 3.4 per cent migrated out of a natural increase of 20.4 per cent, leaving a net gain of 17.0 per cent between 1950 and 1960.

The reason for the migration—more job opportunities elsewhere—is evident from the age breakdown in census figures showing that the greatest losses have been of young people in their productive years and their children.

But the 1990 economic forecast calls for 17,000 more jobs in the ten major employment groups than were available in 1967—an increase of 50 per cent. If the increase takes place, it should stem the out migration and result in a population growth greater than the natural increases in the metropolitan area.

Thus it is forecasted that the metropolitan area will reach a population of 160,000 by 1990—a 53 per cent increase. Sioux City is expected to increase 46 per cent to 133,000 by 1990; South Sioux City could increase almost 100 per cent to 18,300[1]; Sergeant Bluff may increase 58 per cent to 3,000[1]; North Sioux City 148 per cent to 3,500[1]; and Dakota City 127 per cent to 2,500.[1]

LAND USE

When examining land use in the metropolitan area, vacant undeveloped land is readily apparent. Much of this land lies in peripheral areas, but there are also numerous tracts of undeveloped land in the more densely settled areas. Of the 62,000 acres in the metropolitan area, 68.5 per cent is either vacant or in agriculture.

Of the 19,000 acres that are developed (31.5 per cent of the total), 34.3 per cent is in residential use; 23.1 per cent is used for streets and alleys; 18.1 per cent is devoted to transportation, communications and utilities (including airports, railroad rights-of-way and freight yards); 13.1 per cent is in public and semi-public use; 7.6 per cent is in commercial use; and 3.8 per cent is in industrial use.

South Sioux City and Sergeant Bluff are more than 40 per cent residential, while North Sioux City is only 23 per cent; North Sioux City has about 28 per cent of its developed land in commercial use, partly because of a dog racing track; Sergeant Bluff is 9.2 per cent industrial because of its brick yard and grain storage bins; and Dakota City has 49 per cent of its developed land in streets and alleys because of small blocks and wide streets.

With an expected 50 per cent increase in population by 1990, the plan projects a need for 14,000 new dwelling units by that time and 3,700 additional areas of residential development. Most of that future growth should take place as extensions of present growth areas, i.e., south Morningside and beyond, the southern portion of South Sioux City and beyond, northern and northeastern Sioux City and presently open area in the middle to far west side.

Since commercial areas are developed to serve residential areas, new local shopping areas are expected to emerge in the Indian Hills area, the mid and far west side areas, in central and south Morningside, in the south part of South Sioux City, and in Dakota City.

The major industrial areas of the future are seen as the Floyd Valley in Sioux City, the broad Missouri River bottom land north and south of the Sioux City Airport, and between South Sioux City and Dakota City.

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[1] Includes adjacent and currently unincorporated areas.

THE ECONOMY

SIMPCO is optimistic about future economic growth in the Sioux City Metropolitan Area. The optimism is based partially on what progress the area has made in the last decade and partially on what local businessmen themselves foresee for the future. Part of the SIMPCO planning process was updating of a 1958 Sioux City economic survey, to 1967.

The data obtained in the new survey, as was the case in the original, was completed in the form of regional income and product accounts—a method, still unique when done locally, of measuring how much each business or segment of industry adds to the economy in value of goods or services produced. It differentiates between value produced for local consumption and for export outside the metropolitan area and judges prospects for growth accordingly.

There was no attempt made to project value added to 1990 because of time schedule involved. The 1958 survey projected a growth in total value added from $202 million in 1958 to $250 million in 1970. The new survey indicated that the figure had already reached $303 million by 1967, or $265 million if adjusted for inflation.

Employment was 32,000 in 1958 and was expected to reach 39,000 by 1970. The actual figure was 35,000 by 1967. SIMPCO planners forecast of employment in 1990 is 52,000 jobs, about 17,000 more than in 1967.

It was noted that between 1958 and 1967, value added grew much more than employment, reflecting to an extent considerable increases in productivity.

Here is the outlook for the area economy through 1990, broken down into 11 major industry groups:

Agriculture

This category includes agriculturally oriented urban services, such as veterinarians, nurseries, hatcheries, and landscape gardening, but excludes commercial farming. Employment in this segment decreased from 115 in 1958 to 63 in 1967, but is expected to increase again to 130 by 1990. The segment produced $545,000 worth of value added in 1967 up from $352,000 in 1958.

Construction

This is a fast-growing segment which increased its employment from 819 to 1,742 between 1958 and 1967, and its value added from $3.7 million to $10.5 million. With more homes needed and business and industry expected to expand, the segment should have 2,400 jobs by 1990, an increase of 41 per cent.

Meat Packing

Employment in this important industry dropped from 2,983 to 2,730 between 1958 and 1967, and value added declined from $38.4 million to $35.7 million, largely because of the closing of the Armour and Company plant. The outlook for the future has improved because of the effect of Iowa Beef Processors and other new modern facilities, and the trend toward preparation of consumer cuts at the plants. An employment increase of 77 per cent to 4,885 jobs by 1990 is forecasted.

Other Food Processing

Employment in this segment declined from 1,818 to 1,560 between 1958 and 1967, but should increase to 2,555 by 1990 for a 67 per cent increase. The value added increased from $14.4 million in 1958 to $22.4 million in 1967.

Other Manufacturing

Other manufacturing is expected to be the segment of greatest growth, with 10,500 jobs by 1990, an increase of 162 per cent. The growth already is underway in what is becoming a diversified and stable segment which almost doubled its value added to $50 million from 1958 to 1967 and saw employment rise from 3,572 to 4,341.

Transportation, Communications and Utilities

After a slight employment loss from 1958 to 1967, this segment should show a modest 32 per cent increase to 3,500 jobs by 1990. The value added went up to $36 million in 1967 from $24 million in 1958.

Wholesale Trade

This function has shown a substantial decrease in value added, from $14.2 million to $11.9 million and in employment, from 2,572 to 2,120 jobs and is expected to grow by only 18 per cent to 2,500 jobs by 1990.

Retail Trade

The largest segment of the economy both in employment and value added, the retail sector, has suffered from declining population in the trade area, but should be able to better compete with other nearby trade centers and show a modest 13 per cent increase in employment to 9,300 by 1990. Although employment rose only slightly from 6,914 in 1958 to 7,314 in 1967, value added increased substantially from $32.5 million to $56.8 million.

Finance, Insurance and Real Estate

This function is expected to experience a 15 per cent employment increase to 2,800 jobs in 1990 after an increase from 1,432 in 1958 to 1,984 in 1967. Value added has increased from $7 million to $13 million in the same period.

Services

The second biggest employing sector at the present time is services and is expected to experience a 35 per cent increase to 8,490 jobs by 1990. The increase from 1958 to 1967 was from 4,900 to 6,312. The value added went up from $21.5 million to $39.8 million.

Government

Employment in government, including local schools, should increase 22 per cent to 5,420 by 1990. The 1958–1967 increase was from 4,329 to 4,453. The value added went up from $20.0 million to $25.6 million.

NEIGHBORHOOD STUDIES

In order to determine long-range needs in the various areas where residents live, work, and play, SIMPCO planners have divided the metropolitan area into 39 planning districts or "neighborhoods" and assessed each of them on the basis of content and deficiencies. Boundaries were determined by using the most appropriate criteria including natural barriers, land use, and neighborhood character. The average population of each neighborhood is 3,000, with a range from 1,800 dwelling units in the most populous to 59 dwelling units in the least populous.

Each neighborhood is rated by the condition of its buildings, the parks and recreation deficiencies, the location of schools which serve it, and the manner in which it has developed, including the effect of topography.

Within the context of the study, ways and means for improving the environment are set forth. The recommendations include zoning action to improve development patterns, code enforcement to upgrade buildings and eliminate dilapidation, and acquisition of land to help make up deficiencies in parks and playgrounds.

OPEN SPACE

Open spaces, both for recreational purposes and for scenic and environmental enhancement, are extremely important to urban development and tend to increase property values. The Sioux City Metropolitan Area is fortunate in having an abundance of open land and should preserve some of it in the developing areas to assure that it is not lost. Some of the older developed areas do not have enough parks or playfields, and they should be supplied where feasible.

In the densely populated areas, it may be feasible only to purchase or lease individual lots for necessary recreation areas. In other areas, it is possible to develop larger neighborhood or community parks. School play grounds often provide the bulk of recreational area in a neighborhood, and may need expansion. One way to provide scenic, as well as recreational space, is to acquire gulleys, ravines, and steep hillside and protect them from development.

The SIMPCO Plan recommends the following acquisitions to meet the needs of 1990:

Morningside

Area from Pulaski Park to South Rustin Street; vest pocket parks in the northern part; playfields north of Graceland Cemetery; extend Ravine Park to the east and northeast; square out Green Valley Park; playground near Sergeant Road and Lorraine.

Sioux City Eastside

Acquire extensive wooded and low-lying land in Bacon Creek Watershed; use sanitary landfill to develop playfield northeast of Seventh and Logan.

Sioux City Northside

Permanent vest pocket parks near northside; park between Mary Treglia Center and Irvin School; acquire remainder of Devil's Hollow; playgrounds at West 21st and Perry Creek and West 31st and Center; acquire bands of open spaces along drainage courses; including Perry Creek lowland between 33rd and 36th Streets; provide five-acre playgrounds in new areas without school sites; create nature study area adjacent to Herbert Hoover School.

Sioux City Westside

Permanent vest pocket parks east of Hamilton; extend Edgewater Park in Riverside to the southeast; expand Highview Park to the bluffs; extend War Eagle Park along the bluffs east to Allen Street.

South Sioux City

Acquire river front land along the Missouri River; develop a public marina in the northwest section; promote reclamation of Crystal Lake; acquire open space corridors in southeast and southwest.

Dakota City

Expand and develop river front park; convert the radio transmitter site into a playfield.

Sergeant Bluff

Acquire Capehart ball diamond and additional playground in the area; add to the existing park on the bluff.

North Sioux City

Acquire unbuildable land along the Big Sioux and develop a playground park adjacent to the river front.

There are a number of ways in which local communities can get help in financing the acquisition of open space land, and SIMPCO communities should use as many of these methods as possible. Additional recreational space can be acquired in connection with river or highway projects, and federal matching funds are available for such purposes under at least two programs. An often successful method is for local communities to create committees to solicit private donations of park land.

SCHOOLS

With a major high school construction program about to get underway in 1970, Sioux City already is on its way to solving its high school needs for the next twenty years. South Sioux City also has built a new high school which should be adequate for the foreseeable future. Generally, the enrollment bulge is in the upper grades, so this construction should take care of the most critical school problems in the metropolitan area.

Due to localized conditions within the metropolitan area, certain junior high schools and elementary schools, mostly in growth areas, are operating over capacity and need relief soon. The SIMPCO Plan recommends a number of new junior high and elementary schools, not only to relieve present overcrowding, but also to accommodate future growth.

Central and East High Schools with a total capacity of 2,875 pupils, had an enrollment in 1968 of 3,205. Leeds and Riverside junior-senior high schools had a total 1968 enrollment of 1,263 in buildings with a capacity of 910. Other Sioux City junior high schools had an enrollment of 3,796 in buildings that hold 4,025 pupils. Elementary schools had an enrollment of 10,606 in buildings with a capacity of 11,219.

The South Sioux City school system, which includes Dakota City, had a high school enrollment of 492 (capacity—750); a junior high enrollment of 561 (capacity—350); and an elementary enrollment of 1,383 (capacity 1540).

The Sergeant Bluff–Luton School system had an enrollment of 250 in its junior-senior high school—right at capacity, and 385 in its elementary school with a capacity of 500. McCook School in North Sioux City had an enrollment of 300 in a building which holds 375.

Projected 1990 enrollments are, for Sioux City, 5,600 to 6,000 in the high schools and about the same for the junior schools, and 16,650 to 18,000 in the elementary schools; for South Sioux City, 870 to 935 in the high school and about the same in the junior high, and 2,600 to 3,000 in the elementary schools; for Sergeant Bluff–Luton, 210 to 250 in the high school and 450 to 620 in the elementary school, and for North Sioux City, 140 to 160 in both the high school and junior high age groups (they now attend school in Sioux City) and 420 to 470 in the elementary school.

The SIMPCO Plan calls for the following new schools in addition to the present plans to construct new high schools in Morningside, the north side and west side and the conversion of Leeds, Riverside, and East High Schools to junior high schools and the conversion of Central to a technical high school. A need is seen for an additional east side high school after 1990 and for two more new junior schools in the immediate future: in south Morningside west of South Lakeport and near Military and Talbot Roads, and a new east side junior high after 1990.

Elementary school needs in Sioux City in the near future include construction of a new school in the Indian Hills area and one at 19th and Casselman. Nodland School in southeast Morningside has recently been completed. By 1990, three additional new elementary schools will be needed farther south in Morningside; Franklin School should be replaced with a new school; one adjacent to the new north side high school and one near West Fourth and Burton Streets. A number of existing school sites should be expanded and Floyd School should be abandoned. After 1990 there will be a need for a new school near 38th and Stone Park Boulevard.

In South Sioux City, the present high school should suffice with possible additions; a second junior high will be needed near the high school. New elementary schools will be needed on the east side—one to replace Harney and two more farther south, and after 1990 a new one will be needed west of Lewis and Clark School.

Sergeant Bluff–Luton may get along without the need for a new high school, although the building is quite old. An addition to the elementary school will probably be needed. North Sioux City will probably need an additional elementary school and a means to insure quality education for junior and senior high students.

LIBRARIES

Sioux City needs a new main library at the edge of downtown, possibly just north of the auditorium, and branches near 27th and Pierce and west of West 7th and Isabella. South Sioux City needs a new library, possibly at a new city hall near 18th Street. Sergeant Bluff, Dakota City, and North Sioux City can be well served by bookmobile service.

FIRE STATIONS

The only new stations needed in the metropolitan area are at the Sioux City Airport and near the Industrial Interchange. However, South Sioux City may need a new facility in the south part of the city if there is substantial industrial growth there in future years. Dakota City needs a new building for its station. Sergeant Bluff needs more space and more water capacity, and North Sioux City needs more water storage.

WATER SYSTEMS

Each of the SIMPCO communities has an independent water system supplied from wells. Each of the communities water supply needs to enhance quality. Sioux City must add to the storage capacity and distribution system within the planning period. The other communities need, or will need in the next several years, additional capacity for storage and supply.

SIMPCO planners suggest that a central plant for supply and treatment of water for the entire metropolitan area would be advantageous and cost saving. The logical place for such a plant would be in Sioux City, which not only has a plentiful supply, but is planning a major treatment plant.

Aside from the recommendation for consideration of the central plant concept, the plan also lists needed improvements to the individual systems to meet the needs of expected growth by 1990.

It is recommended that Sioux City gradually replace all the Lowell Field wells with river front wells, as planned, to improve the quality of the water. It is recommended that softening facilities be added to the proposed plant for the removal of iron and manganese. The report recommends locations for later new major supply mains in areas likely to grow.

Dakota City needs a new aeration and filter plant, a new well or wells and additional storage. Sergeant Bluff will need so much expansion because of expected growth that it might be difficult to finance the improvements without connecting to an area system. North Sioux City faces about the same needs as Sergeant Bluff.

South Sioux City will need some additional wells both because of the condition of some of its present wells and because of future growth needs. Improvements should be made at both pumping plants to increase filtration rates; an additional 1.5 million gallons storage and several new mains are needed.

SANITARY SEWERS

Sioux City, already facing the prospect of a Federal order to install secondary treatment at its sewage plant, also is approaching hydraulic capacity of its present primary treatment facilities and within the next two or three years should start planning an expansion to be put into operation by 1974. Plant capacity is 17.5 million gallons a day and Sioux City already has reached about 15 million with the addition of Sergeant Bluff and airport sewage loads. The expected 1990 flow, including South Sioux City, also now on the line, and Sergeant Bluff and North Sioux City, is 24 million gallons a day. Sewer needs in Sioux City include the installation of sewer service in west Riverside, completion of the Perry Creek trunk sewer and expansion of sewer system in southeast Morningside.

South Sioux City will need some more sewer trunk lines to meet future growth. Sergeant Bluff will need more pumping capacity. Dakota City should investigate connecting to Sioux City's collection system as an alternative to expanding its own treatment plant. North Sioux City has prepared plans for a sewer system and will either build its own treatment plant or connect to Sioux City's system.

STORM DRAINAGE

Sioux City's drainage problem is due to steep terrain and fast flow of runoff. The older sewers are in the flood plain and catch most of the water. Other parts of the metropolitan area have an opposite problem, flat terrain with ponding creating a nuisance.

Two pending flood control projects on the Big Sioux River and Perry Creek will make substantial drainage system improvements possible in both Sioux City and North Sioux City. Sioux City will be able to extend the enclosed portion of Perry Creek north through the residential area. The Bacon Creek conservation project may make similar improvements possible on the east side.

A number of additions to the storm drain system are needed, including critical areas on Sioux City's west and northwest side.

Storm drainage improvements are needed in Sergeant Bluff, South Sioux City, and Dakota City.

STREETS AND HIGHWAYS

More people, more jobs, more homes and more businesses—all forecasts of the SIMPCO comprehensive plant report—create more traffic.

The consultants who worked on the plan assembled all the growth statistics, determined the most likely places for the growth to take place, and then plotted routes connecting those areas and other areas. The 1965 traffic origin and destination survey was the basis of which traffic factors were developed.

Socio-economic growth statistics were converted into traffic volumes and estimated that by 1990, 457,000 vehicle trips will begin and/or end in the metropolitan area on an average weekday, a 65 per cent increase over 1965. Examination of the existing street and highway network in the metropolitan area indicated that many street segments are overburdened under existing traffic loads.

It was then determined which existing streets must be widened or otherwise improved to carry more traffic and where new routes will be needed. A schedule for carrying out the recommended construction over the next twenty years was developed, based upon the priorities established through the planning process.

The resulting program calls for $92.7 million worth of major street construction—including both new streets and improvements to present streets—by 1990, with more than half of its scheduled within the next five years. Total mileage involved by 1990 is 84 miles.

This includes ten miles of freeways costing $38.6 million; 15.5 miles of expressway costing $31.2 million; 29.5 million of arterial streets costing $17.6 million; and 28 miles of collector streets costing $6.2 million.

Of the $92.7 million in major street projects, $49 million would be needed by 1975; $17.6 million between 1975 and 1980; $5.1 million between 1980 and 1985; and $20.9 million between 1985 and 1990.

The major expenditure will occur in the next five years because that is when the second Missouri River Bridge and approaches are to be built. The Iowa segment would cost almost $18 million and the Nebraska segment a lesser amount.

In addition to the major street construction, the SIMPCO plan envisions $14.5 million worth of new subdivision streets over the next twenty years and $10 million worth of resurfacing and rebuilding of existing streets for a total cost of $117 million by 1990.

The new bridge, to be located so that it will be about a mile north of the Industrial Interchange on the Iowa side, will connect two outer belt routes, one around Sioux City and one around South Sioux City, both built to freeway and expressway standards. The Iowa outer belt route will extend from the bridge east and north to cross present U.S. 20 at the east city limits (and to serve as a U.S. 20 bypass for that distance), continue north and west to cross U.S. 75 at the southern tip of Leeds and continue northwesterly to intersect with former Highway 7 at about 41st Street.

The South Sioux City outer belt route would include the approach to the new bridge west across South Sioux City near 39th Street, and Highway No. 20 and Highways 77–73 bypasses around the east and west edges of the city, circling in to join each other at about Ninth and Dakota Avenue. The bypass will extend south past Dakota City.

Other expressways called for in the next twenty years include improvement of East Gordon Drive to expressway standards in the next few years and replacement of the Combination Bridge with a new $17 million structure just prior to 1990.

Arterial projects proposed, with estimated costs, include:

Four-laning of River Drive from North Sioux City to Sodrac Park by 1975, $265,000.

Widening of Military Road (four lanes from Rebecca to Casselman and a wider two lanes from Casselman to Riverside) and improvement of the Military Road–Riverside intersection, by 1980, $930,000.

A new four-lane route generally following Edmunds Avenue from John Street west to Riverside Boulevard, by 1975, $520,000.

The Hamilton Boulevard extension to West Highland and Isabella, scheduled to begin next year, $1.1 million.

Four-laning of Wesley Way to West Eighth and extending it to 13th Street as the west leg of a proposed inner loop, by 1985, $500,000.

Reconstruction of Third Street through downtown to a six-lane divided street, by 1975, $600,000.

Widening of Floyd Boulevard over the next fifteen years to a four-lane divided road all the way from Gordon Drive to 38th Street, replacement of the present Wall Street Viaduct, $1.1 million.

A new cross town route from Hamilton Boulevard to U.S. 75 in the vicinity of 12th or 13th Street, by 1980, $6.4 million. It would be the northern segment of the inner loop and would bridge over Pierce Street and possibly pass under Douglas and Nebraska Streets.

Development of Sixth Street east from U.S. 75 to Fairmount and replacement of the old Fourth Street bridge with a new Fourth and Fairmount connection, by 1975, $205,000.

Development of one-way streets on either side of Dakota Avenue in South Sioux City between 16th and 29th Streets, to divert traffic off of Dakota, by 1975, $300,000.

Collector street improvements include:

Realignment of Hale Street on the west side from Harris Street to Military Road, by 1990, $250,000.

Paving of Casselman between West Fourth and Villa, by 1975, $150,000.

Widening of Villa from Prescott to Turner, by 1980, $200,000.

Widening of Rebecca from West First to West 21st, by 1985, $110,000.

Conversion of West Third and West Fourth to one-way streets west to Leonard Street, by 1975, $145,000.

New streets and street extensions in the Indian Hills area, southeast Morningside and eastern South Sioux City to better serve growth areas.

These projects and others in the recommended SIMPCO traffic plan will probably not all be carried out, or at least as soon as recommended, because of financial problems, although the recommendations are considered minimums which may be understating actual needs.

TRANSIT SERVICE

Although the main traffic needs of the future is new streets and highways to handle fast growing numbers of automobiles, there will always be people who cannot or will not drive cars and thus a need for continuing the City's transit system.

It is noted that an estimated 25 per cent of the population, mostly children, youths and the elderly, are potential bus riders who may be induced to use the transit system if service is improved.

The report recommends extending routes so that almost all areas have bus service within a quarter of a mile so that it will be available to most potential users. Although revenue should be increased with better service, costs also will increase and it must be recognized that the system will always have to be subsidized by local taxes and by federal and state grants.

Senator HUMPHREY. Mr. Mayor, I will just make one observation. The first thing I want you to know it I am going to send a copy of your testimony to the Department of Housing and Urban Development. Now, I am not scolding that Department any more than I did when I was in the executive branch of government under the previous administration. I served as Vice President. I do not recall whether you were there at some of our conferences that we had for the mayors, but I had 44 such conferences for local government officials in which I would bring the Highway Commissioner, the Secretary of HUD, the Secretary of HEW, the Secretary of Labor, or the Under Secretary, and meet with local government officials and try to break through this wall of what I considered at that time to be just deliberate delay, and I am speaking now of an administration in which I served. And we were able to get some things done. It took some doing.

To serve as a mayor of a city and have these projects approved, locally and to have your plans all prepared, with differences reconciled, only to end up having nothing done because neither State nor Federal assistance is forthcoming, even though it is said to be forthcoming, is not only frustrating, it is downright indefensible. I am going to see that this testimony of yours gets to the proper authorities.

I hope other members of the committee will comment on it. I do not want to go into whether or not this involves withholding of funds. We are not going to argue about that.

The point is that you have a plan. You have indicated that you are having some problems. I think somebody ought to look at those problems. I think that is one of the duties of a committee like ours, even though not necessarily this committee.

As a matter of fact, you have cited a national growth policy. In a sense we are a part of that in this committee. We are not the whole part. We do not have a national growth policy and we have not had one since the 19th century. We really haven't. The last national growth policy we had was in the days of the land grant and homestead acts.

So without regard to Republican or Democrat or without regard to Warren Harding or Richard Nixon, Calvin Coolidge, or Lyndon Johnson, or Herbert Hoover, or John Kennedy, we just simply have not had a national growth policy. This city really depends on rural America, doesn't it? You cannot survive out here without rural development. You are not Philadelphia or Los Angeles or New York. You are a city of approximately 90,000, is that right? And you have problems which are related to agriculture.

Mr. **Berger**. Mr. Chairman, could I suggest that neither Los Angeles or Philadelphia or New York could survive long with help?

Senator **Humphrey**. I should say not, but this is more direct. No doubt, all of them rely upon the rural areas of our country.

Senator Allen has some questions he wants to ask. I will yield to him now.

Senator **Allen**. I will wait my turn.

Senator **Humphrey**. Go ahead, Senator, while we have both gentlemen here.

Senator **Allen**. Thank you, Mr. Chairman.

In order to conserve time, I will direct my remarks at Mr. Meisner and also a question or two I would like to develop.

Mr. Meisner, I certainly want to commend you on your fine statement and as director of the Siouxland Interstate Metropolitan Planning Council, I am pleased to note that you are adopting in this Council an interstate approach because certainly the problems of rural America know no geographic lines. They know no sectional lines. And as I have heard these problems of rural America as they exist here in this area, outlined, I have not found one single problem that does not also exist in my home State of Alabama.

Just as you need more job opportunities for your young people, just as you need better housing, you need a stable agriculture, you need a better balance between agriculture and industry, you need more credit in rural areas, so we in Alabama and the South need these very same things.

We had not been here in Sioux City long before it was pointed out to us several areas through which we traveled that had been flooded by the floods of the early 1950's, and I would like to inquire as to what benefits have accrued to this area of the country as a result of the development of the Missouri River?

Mr. MEISNER. Well, Senator, the implementation of the Bick-Sloan plan and general programs on the Missouri River I believe is probably the one biggest thing that has—one of the biggest things that has ever happened to this area in the terms of positive good.

No. one, we are no longer flooded in this area or downstream from Yankton which is the first main stem dam which is 65 miles upstream from Sioux City. We are no longer flooded from that river. We can also use releases of that water for flood control from some of our unregulated rivers that come into it downstream from that point.

No. two, it has turned into being probably our biggest recreational asset in the area, both the reservoirs upstream and the river here. You probably noticed the development along the river.

Three, I believe it is starting to have a big impact on industrial development and, of course, it is the headwaters of navigation system on the Missouri River and I believe the benefits of river navigation are well known. So we have those plus the pollution control element of that river. That is a tremendous asset, especially now that it is developed.

Senator ALLEN. Well, now, these programs of navigation and flood control, recreation, pollution control, have they improved the quality of life in this area?

Mr. MEISNER. Without a doubt.

Senator ALLEN. Well, now, would you say, then, that these water resources development programs, have they in any way improved the economy and encouraged people to remain in this area that might ordinarily have moved from the area?

Mr. MEISNER. Yes, sir.

Senator ALLEN. In other words, would your outmigration be a great deal worse had it not been for the development of the Missouri River Basin?

Mr. MEISNER. Yes, sir, I believe it would have been. We have not done a considerable amount of development in what was once the flood plain, industries such as Terra-Chemical, Iowa Public Service, Bordon, Nuetra-Flow and others. Other industries have received benefits from that flood-free river.

Senator ALLEN. From time to time there in Congress it has been proposed the levying of user charges in water-borne commerce and then beneficiary charges on flood control projects. Would the levying of these assessments or charges, would they impede the economic development of this area and would they retard rural development in this area?

Mr. MEISNER. Well, Senator, No. 1, beneficiary charges are paid by local government in the flood control project that Mayor Berger spoke of. I believe the city of Sioux City expended some $5.6 million in that project. We have a project on the Big Sioux River now that—planning actually began in the early 1900's on that. It is now authorized by Congress for final engineering design.

There will be a certain amount of that expense that will be local expense. Benefits from the user charge should point in terms of what we hope to accomplish in this area in terms of national growth policy. I can see no benefits from the institution of user charges.

Senator **Allen**. Would it not cost the farmer who sends his grain or his other produce by water, would it not cost him money and therefore reduce his net return from his operation?

Mr. **Meisner**. Absolutely.

Senator **Allen**. And certainly it would do just the opposite of encouraging the development of rural America as it applies here in this area?

Mr. **Meisner**. Yes, sir. I believe that is absolutely correct.

Senator **Allen**. Thank you very much.

Thank you, Mr. Chairman.

Senator **Humphrey**. I thank the Senator for his questions.

Senator Miller?

Senator **Miller**. I thank the Senator from Alabama for his last point because it fits precisely with some of the testimony we have had that indicates we have to have a strong agricultural economy and to the extent that that is diminished by these user charges, we are frustrating the basic objective that we know we have to achieve.

I am pleased to tell you, Mr. Meisner, that in connection with your fourth point, about the location of additional Federal installations in the Midwest, that there is a bill pending before Senator McClellan's Government Operations Committee which several of us are co-sponsoring, which would require the installation of the placement of Federal installations in the Midwest. What we have done in that legislation is provide for the location of Federal installations and the awarding of contracts with a view to eliminating or avoiding further congestion in the metropolitan areas. If that could ever get on the books, I think our rural areas in America and in the Middle West would certainly obtain their fair share of those expenditures.

I might say I put in a bill in 1966 to do that. I am sorry to say it was never reported out. I think we are getting more action this time; we are moving now. This is the first year I have seen real momentum on a policy such as we are after here.

I want to particularly commend you on the last paragraph of your statement. I think I know what you are talking about. You heard Congressman Culver refer to red tape. I presume you share in his views on that?

Mr. **Berger**. We all do.

Senator **Miller**. Well, believe me, I saw one application page listing 27 or 28 different points that had to be covered and they were rather exhaustive points, before a small amount of money could be obtained in connection with the economic area development program and this was for a mayor of a small town over in eastern Iowa. He was just upset about it. He could not cope with it.

This, of course, gets you back to revenue sharing. It gets you back to the pass-through provision in the general revenue sharing program which says that not only will the money go out to the State but it will go out to the counties and to the cities. It will be passed through and you won't have to wait for a legislative decision; you will be able to use the mechanical structure that you have already established and you will be ready to go with it. But you need the money, and that is what this is all about.

I might say that we are not the Subcommittee on Urban Development revenue sharing. That is another bill which I think is pending before the Banking, Housing and Urban Affairs Committee. I cannot tell you much about that. But the point was made by Senator Humphrey that if the rural areas in this Sioux City region become viable and industry locates here, the people will stay here. I do not need to tell you that Sioux City and any city like it are going to have tremendous benefits as a result of that, and that is what we are really after here.

I do not think there is anything in the rural development revenue sharing bill that would have any direct benefit to Sioux City. Urban development would. But if we can get going on some of these programs to revitalize rural America and hold the population out here where they will have good jobs and good opportunities, cities like Sioux City are going to benefit greatly.

I dare say that one reason why we have not had the proper growth in Sioux City, Mr. Chairman, is the fact that rural America located in northwest Iowa, northeastern Nebraska, southeastern South Dakota, and southwestern Minnesota, has not been sharing fairly in the national income. If it had been, I think Sioux City would have had its share of the growth.

I want to commend you on your statements, too.

Senator **Humphrey**. Senator Bellmon?

Senator **Bellmon**. Thank you, Mr. Chairman.

Mr. Meisner, on page 5 you say, if we are to achieve the building of such a regional economic system, national incentives or disincentives may have to be implemented.

Could you be more specific about what incentives you have in mind.

Mr. **Meisner**. They might be any type of incentive or disincentive, Mr. Senator. It could be in terms of a tax. I would think that that would be a good place to begin. It could be——

Senator **Bellmon**. You mean a tax——

Mr. **Meisner**. Incentives on location of even local taxes up to the point of corporate income taxes. That could be——

Senator **Bellmon**. You mean you would give the company that builds in Sioux City a tax advantage?

Mr. **Meisner**. Sir, if it is going to be a national priority or a policy to get people back to the Midwest, then I would take those steps necessary that it has to do that. I am not too sure what all of those steps would be.

Senator **Bellmon**. Let us talk a little bit about a tax break where a newcomer comes and builds in Sioux City. Do you think this would be fair for the companies that are already here?

Mr. **Meisner**. That the tax itself—it depends on the type of business, I should imagine, Mr. Senator.

Senator **Bellmon**. Well, now, let us get down to specifics. We have to know exactly what you are thinking about if we are going to put this into a law. What incentives would you recommend?

Mr. **Meisner**. Tax incentives is one of them—an incentive that tax payments could be made in lieu of local property taxes. That gets back to some of the existing States' problems.

Senator BELLMON. How do we do this without working a disadvantage on the companies that are already working with your city?

Mr. MEISNER. I am sure we do not want to—I am not too sure we know all the answers on how to solve the problem. I suggested the things that we could look into. Unfortunately I do not have those answers, Mr. Senator.

Senator BELLMON. I thought you might have something specific in mind that we could refer to.

Mr. MEISNER. I do. We do give different types—in many types of industries now I do not believe it is absolutely necessary for corporations who are quartered, say, or governmental headquarters from an administrative standpoint, to be in the largest urban centers. Not necessarily.

Senator BELLMON. How do we get them to come to Sioux City?

Mr. MEISNER. I would think as long as we could have the educational facilities and the rest of the facilities, we could add to—offering a meaningful life, that maybe we will be able to start to turn this trend and once the system becomes successful, then I believe, Senator, that it will start feeding on itself like it has in most of the areas that have grown over the years.

Senator BELLMON. Mayor, do you have any idea or specific recommendation as to what kind of incentives the Congress might put into the law that would help draw the kind of development here that you want?

Mr. BERGER. Well, I think just to expand on what Mr. Meisner was saying, probably in a different vein with respect to tax incentives. I certainly from a local standpoint am not in agrement with offering tax incentives and concessions to any industries coming in here because I feel it is unfair to the industries that have been here for a number of years and have paid their taxes. But possibly there could be incentives from the Federal tax level to companies that would move facilities to, say, a given geographical area, like the Midwest, and so forth, that could be granted to them through the Federal tax system. And possibly if industries in the Sioux City area are economically depressed there could be additional consideration given to them.

Senator Miller, I am sure, is an expert on tax matters. He could devise something much better than I could.

Senator BELLMON. Mr. Mayor, in your statement you comment on the failure of nonresponsive State legislature to recognize the critical financial needs of cities.

If we go ahead with revenue sharing and turn most of the money, or at least a lot of the money, over to the State legislature, do you think Sioux City will get a fair shake?

Mr. BERGER. I would say, Senator, that I agree with the policy of the U.S. Conference of Mayors and the National League of Cities in which I believe their policies they insist on a mandatory passthrough of at least 50 percent of the revenue to the cities and towns, the local jurisdictions. That would be my answer.

Senator BELLMON. You mean the Congress would——

Mr. Berger. Mandate a pass-through to the cities.

Senator Bellmon. Yes, but what about the other 50 percent? Do you feel the legislature will be responsible and fair in dividing it between the needs of the urban centers and the rural areas?

Let me tell you the reason for my question. In my State of Oklahoma we have had apportionment in the last 7 or 8 years, and what was once a rural dominated legislature is now pretty much an urban dominated legislature, and I am curious to know whether those urban legislatures may be sitting there licking their chops waiting to get even with some of the country boys for what they used to do to the cities? (Laughter)

Mr. Berger. I would certainly hope not, that urban legislators would feel that way.

Senator Bellmon. In your statement you apparently are very critical of the legislature and I am just curious to know if you are telling us we should not go into revenue sharing because the legislatures cannot be trusted?

Mr. Berger. I would have to say that on the basis of our relationship with State legislature during this session and previous sessions that we have every reason to be concerned in Iowa. Now, I am not sure the other mayors in Iowa concur with me on that statement but I certainly feel that way. I think the Iowa Legislature is currently going through the throes of reapportionment and I would hope in the future it would be somewhat more reflective of urban concerns, but so far it has not been to evident.

Senator Bellmon. So you would say that the Government should be very careful in approving some guarantees that would assure fair treatment to both rural and urban areas?

Mr. Berger. Yes.

Senator Bellmon. That is all, Mr. Chairman.

Senator Humphrey. Mr. Mayor and Mr. Meisner, we do want to thank you very much. I couldn't help but think as I listened to you about where Federal institutions should be located. I wondered why we did not locate the Department of Agriculture out of Washington. The only thing we grow down there are petunias, tulips, and magnolias. We have got some beautiful dogwood but——

Senator Miller. And locate it in Sioux City.

Senator Humphrey. We will have a big struggle now whether it goes to Minneapolis and St. Paul or Sioux City or Des Moines. I suppose we will have to cut in Oklahoma City and Birmingham. I don't know how we will do it. Maybe we better leave it where it is.

Thank you very very much. [Laughter.]

We are very grateful to you gentlemen, and thank you for your display.

Do you have a smaller copy in miniature of your city plan, Mr. Mayor?

Mr. Berger. Yes, we do.

Senator Humphrey. We would like to have it for the purposes of our record.

Mr. Berger. We will see to it that you get it.

Senator Humphrey. I understand the next witness will move out of position here according to our sheet. It is Mr. Frank Griffith. Mr. Frank Griffith is the president of the Iowa Public Service Co.

He will testify instead of Mr. Stan Swanson. This is quite a concession for a Minnesotan to make. They have got a lot of Swansons in Minnesota, not too many Griffiths but we welcome and appreciate your taking the time to appear before us.

Mr. GRIFFITH. Thank you, sir.

STATEMENT OF FRANK GRIFFITH, PRESIDENT, IOWA PUBLIC SERVICE CO., SIOUX CITY, IOWA

Mr. GRIFFITH. Mr. Chairman and Members of the committee I appreciate the opportunity to discuss with you the status of energy supply in Iowa and areas surrounding Sioux City. My name is Frank Griffith, president of Iowa Public Service Co. and also a farm owner.

Senator HUMPHREY. Where is your farm, sir?

Mr. GRIFFITH. In Plymouth County, about 5 miles north of Sioux City.

Senator HUMPHREY. Thank you.

Mr. GRIFFITH. Our company provides electric service to 235 cities and towns, two cooperatives, and 10,000 farms. We provide gas service in 108 communities in three States. Thus, I am familiar with both urban and rural problems. By the way of background in the energy business, I have been associated with the administration of the Iowa power pool since its inception.

This power pool consists of the major energy suppliers in the State of Iowa, both private and cooperative. I have been a member of the Mid-Continent Area Power Planners (MAPP) executive committee, which consists of 15 investor-owned utilities, eight generation and transmission cooperatives, 28 municipal electric utilities in a 10 State region of North Central United States and a Canadian Crown Corp. in Manitoba, Canada.

I just completed a term of office as president of the North Central Electric Association, which covers seven States in the upper midwest. I am a member of the Edison Electric Institute Board of Directors and am currently serving as president of the Midwest Gas Association, which includes pipelines, distributors, and associated industries in an 11 State Midwest area. One of my most pleasant duties is to serve as a member of the Iowa Development Commission.

I would like to present to you the current status for the supply of basic energy in this area. Let's first discuss the natural gas supply situation. The midwest area was one of the first to aggressively develop the use of natural gas for residential, commercial and industrial use.

Up until this time, our supplies have been completely adequate and very competitively priced. We, and I am speaking for all of the gas suppliers in the area, have been able to satisfy the requests for any and every industry needing natural gas. Our pipeline supplier has done a substantially better job than most in securing new gas reserves. Last year 80 percent of sales were replaced with new gas reserves compared with 50 percent nationally. Even though supplies are diminishing nationwide—as evidenced by the reserve production ratios—I believe that we are in a favored position provided that our pipeline supplier is successful in its efforts to import gas from Canada.

Most recent indications are that these negotiations are proceeding favorably, but are still subject to approval by the Canadian National Energy Board and the Federal Power Commission. Northern's Canadian and Tiger Ridge reserves total 4 trillion feet. Success in bringing these reserves into the Midwest is essential to long range development.

At times it appears that the rural States simply do not have sufficient political influence in comparison with the more populous areas. The interest and assistance of your committee, Mr. Chairman, can be vital to development of this area. There are indications that the Federal Power Commission is tending more towards controlling the end use of gas. This will have the effect of conserving gas supplies for those uses which gas can perform most efficiently or which can be served by no other product.

In the alternative, industries which can use other fuels probably ultimately will be directed to use such other fuels. To sum it up, I feel that currently we are in a comfortable competitive position for natural gas supply, but the successful conclusion to Canadian gas imports is absolutely vital for the future supply in this area.

Oil and propane are fuels primarily used on a standby basis for large industries using natural gas as a primary fuel or in those areas where there is no natural gas distribution. These fuels will become more important as the end use of gas comes under further control. There is no commercial source of either oil or propane in our area. Our entire usage must be transported by rail, truck or pipeline. Supplies appear to be adequate for requirements in this area as long as the transportation systems are operating. Here again, price increases (both for the basic material and for transportation) are reflected in delivered price.

Coal is one of the prime industrial fuels. For many years there was substantial coal production in the southern part of Iowa, but this has diminished to relatively negligible quantities. We are most fortunate to have available virtually unlimited quantities of low sulphur Wyoming coal at prices competitive with other fuels. Much of the Nation's supply of low sulphur coal is in the Western States.

This source is now becoming extremely important because of the necessity to burn low sulphur coal to meet air quality requirements. Substantial coal mines are in operation in southern and eastern Wyoming and additional mines are being established. Unit train rates for bulk movement of this coal to consumers in our area have been negotiated. Therefore, we are assured of completely adequate supplies of this very important fuel for as far into the future as one can visualize. I believe government sources in Wyoming indicate there is enough coal in Wyoming to satisfy the entire Nation's energy requirements for 1,000 years. Thus, I can assure you that any industries wishing to locate in our area can be assured entirely adequate supplies of energy.

I believe it should be pointed out at this time that energy costs are increasing in our area as they are nationwide. I believe our increases are comparable to those taking place elsewhere. Virtually all basic energy supplies must be shipped into this State, so we are subject to increases in transportation costs, as well as in field prices.

Let's now turn to electric power. The three previously mentioned sources of energy (gas, oil and coal) are, of course, used in varying degrees in the generation of power. A supply of coal is vital and ours is adequate for future generating requirements. In our own immediate area, we have under construction here in Sioux City 860 megawatts of fossil fueled generating capacity, which is scheduled for operation in the near future. Two additional power sources are in the region. In our immediate area, there are several nuclear generating stations in various stages of construction. All of them are expected to be in commercial operation within the next 2 or 3 years. The Missouri Rover has been developed as a large hydro electric generating source through the construction of the main-stem dams on the river.

All available energy in the water flowing down the river is now utilized since all the water in the reservoir is passed through the turbines for power generation. Any further hydrodevelopment along the Missouri can only be in the form of peaking generation, but will not increase the total energy output of the river.

Capacity from peaking generation should be equitably distributed to all power suppliers in the area. Thus, further development of base load electric energy sources in the area must come from fossil fueled or nuclear plants.

I would like at this time to point out one of the unique features of the Iowa power pool. The Iowa pool began operation in 1958 and thus was one of the earliest and most conservatively operated pools in the Nation. It was our concept right from the beginning (and this is perhaps due to the fact that all of us have a rural realistic concept), that the thing we were really interested in was whether or not the pool could actually perform as was expected.

There are many ways of describing the capacity of generating units, but the figure we always insisted on was the net generating capability at time of system peak load and furthermore to quantify these results to the amounts deliverable at usable voltage. In other words, we were interested in the actual output of the generating units under the weather and operating conditions prevailing at system peak, which normally is the time of the most adverse weather conditions.

Not only do we want to know what the units will produce, but also the amounts that can be delivered by the transmission system. As a result of this realistic concept, the Iowa pool has always been able to plan and maintain adequate generating capability to meet the needs of its customers. There have been many, many, instances in recent years when we have sold substantial amounts of energy to other systems (particularly in the urban areas of the country).

Planning of the Iowa pool is done in detail, for 20 years in the future, using the most sophisticated methods. Thus, I can assure you that we will have adequate generating capacity to supply any and every development in the area. The Iowa pool members are all members of MAPP and also work closely with other neighboring power supply systems, such as the Omaha Public Power District, U.S. Bureau of Reclamation, and all the other members of this regional organization.

Thus, you can see that we can give you positive assurance of an immediate and long-range ability to meet energy requirements in the area.

I would like to present to you one of the efforts of the Iowa utilities to stimulate development. It has been our feeling, and I believe this is shared by the development commission that our biggest problem is to make people throughout the Nation aware of the joys and opportunities for business and gracious living in this area. We have the clean air, the blue skies, the pure water that both people and industry need. We have good schools, good transportation, ample recreation. However, we do not have public awareness.

Therefore, we prepared this brochure—250,000 copies of this have been supplied to the Iowa Development Commission. The utilities are doing extensive advertising in national media to bring this area to the attention of industry and commerce throughout the country. The efforts and the interest of influential people, such as the honorable gentlemen on this committee, can do a great deal to support and expand the development of rural America.

We are ready, we have the capability for supplying every need of commerce or industry that may move into our area. We need and request your advice, your assistance, your guidance, in stimulating the flow of industry from the crowded cities out to the great plains.

Thank you for your interest in our problems. We stand ready to assist you in any way possible.

Senator ALLEN (now presiding). Mr. Griffith, what percentage of the power comes from hydro electric projects, what from nuclear power plants, and what from coal fed steam plants?

Mr. GRIFFITH. Senator, in this area encompassing the MAPP region, the hydro system, which is the Bureau of Reclamation system, has a little over 2,000 megawatts of capacity against a total capability in the area of about 13,500 MW. At the present time, there will be operating this summer 500 megawatts of nuclear capacity. There is another 2,200 megawatts of nuclear under construction, or roughly 20 percent. The balance is fossil fuel, 60 percent fossil fuel.

Senator ALLEN. Is there some disillusionment among power companies as to the value, effectiveness, and relative merits of nuclear power, that is, electric power made in a nuclear plant?

Mr. GRIFFITH. Well, sir, the costs of nuclear plants escalated very dramatically. They are uniformly late in coming on line. In our own company we have seen fit to take the approach of the fossil fuel plant utilizing unit train loads of Wyoming coal.

Senator ALLEN. Well, now, the discharge of the water back into the streams, does that present any pollution problems?

Mr. GRIFFITH. The nuclear plants have a heat rejection of about twice the amount of a comparable capacity fossil plant. The units which we are constructing south of Sioux City here on the Missouri River will not cause any particular problem. We have had extensive engineering and biological surveys made in cooperation with the Corps of Engineers and they have indicated to the best of our knowledge that there will be no degradation of the biological condition of the river.

Senator **Allen**. Now, did your company produce a surplus of power last year?

Mr. **Griffith**. Yes, sir. And we sold our surplus to other systems.

Senator **Allen**. I see. But you do have sufficient power to take care of the foreseeable growth in this area?

Mr. **Griffith**. Yes, sir, absolutely.

Senator **Allen**. What about the rural lines?

Mr. **Griffith**. The rural areas of Iowa, South Dakota, are served primarily by rural electric cooperatives. These groups, in fact, the manager of one of these groups, our neighbors to the northwest, Northwest Iowa Power Cooperative are sitting here in the hearing room. We have worked closely with them. We have interchanged agreements with them. We work closely with the Bureau of Reclamation, but in addition we do serve a substantial number of rural customers ourselves.

Senator **Allen**. Would you have an idea as to what percentage of farms in Iowa either have electricity or have it available to them if they should connect on the line?

Mr. **Griffith**. Yes, sir. We have made an extensive survey of the problem. To the best of our knowledge there is not a single rural customer in Iowa that wants power that does not have it.

Senator **Allen**. I think that is excellent. Certainly that is one of the conveniences that rural America needs. To put it on a comparable basis with our city cousins.

Mr. **Griffith**. Absolutely.

Senator **Allen**. Thank you very much.

Senator **Humphrey** (now presiding). I am sorry that I had to depart from the room at the time that you testified. I noticed that you are a member of the Midcontinent Area Power Planners executive committee. I have met with your group, as you know, in Washington and I wish to commend you for the kind of planning that you and your associates engage in.

Mr. **Griffith**. Thank you, sir.

Senator **Humphrey**. One of the great needs of the country as I see it, of our entire Nation, is a national energy program and a national energy policy. We are suffering today from I suppose what one might call lack of planning.

Mr. **Griffith**. I couldn't agree more.

Senator **Humphrey**. Maybe we just grew faster than we thought we would, but we desperately need a national energy policy in this country.

Mr. **Griffith**. I agree.

Senator **Humphrey**. I have no questions to ask except as I came in I heard your final statement to the effect that there is not a single farm or business that wants electrical energy in this State that is without it. Is that correct?

Mr. **Griffith**. That was absolutely correct.

Senator **Humphrey**. That is another tribute to the State of Iowa and to the enterprise that you head and to the companies that are affiliated with you. I want to compliment you.

Mr. GRIFFITH. Thank you.

Senator HUMPHREY. Senator Miller?

Senator MILLER. Just one question, if I might.

I take it that a goodly portion of the coal you will be using or are using is transported all the way here from Wyoming?

Mr. GRIFFITH. Yes, sir.

Senator MILLER. Now, of course, that costs money to bring it all the way here, and that means your rates are going to be higher than they would be if you had the coal mines right next door.

Mr. GRIFFITH. Yes, sir, that is absolutely true.

Senator MILLER. I am rather curious. Take the Chicago area; how do they generate most of their electric energy? Is that through the use of coal or oil or what?

Mr. GRIFFITH. Commonwealth Edison is primarily dependent upon coal-fired generation. They have several nuclear units running, several more under construction. At the present time Commonwealth is shipping extensively from Wyoming into Chicago, but they are dependent on coal.

Senator MILLER. Yes. I guess they have a little coal in southern Illinois but that is very interesting to know they would be shipping coal all the way from Wyoming to Chicago.

Mr. GRIFFITH. One of the most interesting facets of the Wyoming coal, about 80 percent of the Nation's low sulphur coal supply is west of the Mississippi. The bulk of that is in the Wyoming-Montana area.

Senator MILLER. Would you know offhand how our energy rates compare out here with those of the Chicago area?

Mr. GRIFFITH. Yes, sir. I can speak with authority as far as our own company is concerned and I think as far as the other suppliers and I are concerned. Both our residential rate, our commercial and industrial rates, are lower than they are in Chicago.

Senator MILLER. In other words, we are competitive, very very competitive, if the only factor involved was the cost of energy?

Mr. GRIFFITH. Yes, sir.

Senator MILLER. And then we also have the assurance of unlimited supplies to meet whatever needs come into this quadstate area.

I must say, Mr. Chairman, I feel a lot better about this than I did before, because as the chairman knows, there are some areas of this country that are more competitive because they have been blessed with more natural resources than others. We have been hoping that the Chicago area would see fit to decentralize a little bit and move out into the rural, midwestern area, and thereby give their people a better chance for good, clean, wholesome living and better schools which are not so congested. I know that energy is a terribly important decision in plantsite location.

I feel very comforted by this testimony. Thank you.

Senator HUMPHREY. Senator Bellmon?

Senator BELLMON. Thank you, Mr. Chairman.

Mr. Griffith, in your opening remarks you mention that you own a farm.

Mr. Griffith. Yes, sir.

Senator Bellmon. We have been out to a farm, heard about the price of hogs. Is your farm a good investment?

Mr. Griffith. I think it is, yes.

Senator Bellmon. You think you get a fair return from it?

Mr. Griffith. Yes, sir.

Senator Bellmon. I wondered if you had it because of some sentimental value or if you felt the farmer is here to stay.

Let me ask you a question about the relative costs of these different points of energy. Apparently you fire most of your thermal plants with gas.

Mr. Griffith. We have up until this year used about 50 percent gas, the balance coal and oil with coal predominant. Through the action of the Federal Power Commission and our supplier, gas for powerplant use is very rapidly disappearing from the scene. We believe there will be little if any natural gas for powerplant generation from now on.

Senator Bellmon. What is the relative cost of a btu of energy from gas as compared to coal and oil and nuclear sources?

Mr. Griffith. Gas has been somewhat cheaper than coal but it is escalating more rapidly. At the present time gas in our area and coal in our area are about standoffs. Oil is about 50 to 75 percent more expensive. Nuclear generation on a heat basis is about comparable but the installed cost of nuclear plants is so great that we feel the best decision is the fossil fuel, for the coal fired generating plants.

Senator Bellmon. So you intend, then, to plan your generator to be fueled from a coal source?

Mr. Griffith. Yes, sir.

Senator Bellmon. I think you are probably right. Coming back to Oklahoma, we supply a lot of energy for this part of the world, natural gas and crude oil. I would say the price of gas is not going up fast enough because our oil companies are not sinking the money into those developments. Unless they get a fair return on the present prices they will not do it. Gas prices have to go up.

I want to ask one other quick question. You apparently, in your statement, feel that we are going to become increasingly dependent upon Canadian natural gas sources?

Mr. Griffith. Yes, sir, in this area.

Senator Bellmon. You just said you are going to plan on using more and more coal. Do you feel that Canada is dependable as a source of energy for the United States? Think about what that will be as contrasted with the Middle East.

Mr. Griffith. Well, sir, you who are closer to the halls of Government than I would know that situation much better. My personal contact with Canadians has been very excellent, but I think the long range development of Canadian gas is a viable and feasible project. These are our neighbors. We get along quite well.

Senator Bellmon. But you are still betting on Wyoming coal?

Mr. Griffith. I am still betting on Wyoming coal, yes, sir.

Senator Bellmon. I think that makes the point. Thank you, Mr. Chairman.

Senator Humphrey. Let me ask a question about your freight rates on Wyoming coal. First of all, is lignite a low sulphur content fuel?

Mr. GRIFFITH. Is lignite a low sulphur content? Our coal is not lignite. It is bituminous.

Senator HUMPHREY. Do you know whether lignite qualifies for that?

Mr. GRIFFITH. Lignite could or could not be low sulphur depending upon the beds.

Senator HUMPHREY. I know in North Dakota Basin Electric utilizes both hydro and lignite fossil fuels and hydro. Is the freight rate from the Wyoming field, into your Iowa area, competitive, let's say, with freight rates from the Appalachian area into Cleveland or Cincinnati or Chicago?

Mr. GRIFFITH. Well, sir, the only way I can answer that, on the delivered price of coal, freight is more than half the cost. But I have no reasonable comparison between our rates and those for the systems in the east. I am just not knowledgeable of their coal costs.

Senator HUMPHREY. One of the reasons I asked the question, is because the majority leaders, Senator Mansfield, was speaking in the Senate the other day about Railpax on Amtrak and he said that at the very time they were cutting out the passenger service—which he doubted was going to be very helpful to the development of the Western States and the Midwestern States—they were raising freight rates 11½ percent, and——

Mr. GRIFFITH. I share his concern.

Senator HUMPHREY. I know there are different rates. For example, there are commodity rates that you can negotiate as well as the regular. I did not know what your rate was as compared to others. Do you deliver at or negotiate a delivered price with the coal company? Is that it?

Mr. GRIFFITH. No, sir. We negotiate freight rates to our points of delivery with them but all of these rates as filed contain escalation provisions and I am speaking only of the current rates. I am sure they will be more in the future.

Senator HUMPHREY. Do you use water transportation at all?

Mr. GRIFFITH. No, sir. The coal in this area just is not located close to water transportation.

Senator HUMPHREY. In other words, it is cheaper to come directly by rail than to have a point of transshipment?

Mr. GRIFFITH. Yes, sir.

Senator HUMPHREY. Now up our way we use an awful lot of barges. We have our barge terminal in the Twin Cities.

Mr. GRIFFITH. Right. The Missouri River to Sioux City still has not been certified for the 9-foot channel which is economic for the bulk shipment of coal.

Senator HUMPHREY. Just a quick word on that. Do you think it is desirable to have a 9-foot channel on the Missouri River?

Mr. GRIFFITH. I am a great enthusiast about the benefits of the river to Sioux City and the more we improve it the more this area will see industry and commerce moving in.

Senator HUMPHREY. Good. I noticed Senator Allen's question a while ago to Mr. Meisner about development of river and water resources, and I tended to agree with the Senator about the whole idea of users' fees and users' charges on that. I believe in river development myself. I think it is good for the country.

Mr. BELLMON. Could I ask one question? I was in Oklahoma City yesterday, filled my car up at the refinery oil pump at the price of 34.9 and as we drove up here the price is 22.9. How do you do it?

Mr. GRIFFITH. That just tells you what great people we have in the business.

VOICE FROM AUDIENCE. The rest of the town is higher than Oklahoma because I lived there last year.

VOICE FROM AUDIENCE. We are having a gas war.

VOICE FROM AUDIENCE. Much higher than Texas.

Senator HUMPHREY. We are trying to keep the testimony, most of it, right up here.

VOICE FROM AUDIENCE. I am sorry.

Senator HUMPHREY. Not at all. We are glad to get the commentary here because gas wars are not unusual in this part of the world.

Senator MILLER. May I say to my colleague, don't worry, it will go back up.

Senator HUMPHREY. Thank you very much.

I believe our next witness is Mr. Chad Wymer, who is the executive director of the Iowa Development Commission.

Is Mr. Wymer here?

Mr. Wymer, welcome you to the subcommittee. Any way that you can abbreviate your testimony and tell us the sum and substance it will be appreciated. However the entire testimony will be included in the record.

Under what Public law do you operate, if any, or is it executive order?

STATEMENT OF CHAD A. WYMER, DIRECTOR, IOWA DEVELOPMENT COMMISSION, DES MOINES, IOWA

Mr. WYMER. No. It is created by legislative branch, chapter 28 of the Iowa Code.

Senator HUMPHREY. Proceed.

Mr. WYMER. Senator Humphrey, Senator Allen, fellow Oklahomans, Senator Bellmon, and Senator Miller, gentlemen: It is a great pleasure for me to be here today and at least present to you some of the positions of the Iowa Development Commission. As has been suggested by Senator Humphrey, I will not try to read totally what I have to present here. There are some points that I would like to bring out, and I will try to summarize.

The commission itself was established by the State legislature in 1945. It is designated as the agency responsible for economic development and that area of responsibility covers industrial development, agricultural product promotion, export and international trade, and tourist promotion. We have a professional staff of some 36 people to carry out these responsibilities. The Iowa Development Commission has been keenly aware and has been quite involved with rural area development for many years. Since its conception I think it should be pointed out that Iowa cities such as Des Moines, the city we are in today, Sioux City, Cedar Rapids and many others, cannot be classified totally as urban in nature, as their economy depends quite heavily on the rural economy.

I have attached hereto an exhibit which gives you some records of industrial locations and things that have happened in the State of Iowa over a 10-year period. I think you can read those as to where those locations have taken place. Primarily I would call your attention to the first sheet, the second sheet shows the counties and the areas where these are located, the population and the size of the communities. This leads me into a part of my testimony in which I would like to point out to you that last year following the completion of the census reports, our research department sat down and took a long look at what we had to do in this state to provide job opportunities for only Iowans.

Our projection was that we needed 167,000 new jobs in the next 10-year period. This is coming from, of course, the people graduating from our schools, coming off our farms and agricultural employment.

That research division, by the way, and I have attached a list, does a lot of work in the areas of publications, studies, research projects, et cetera, and I think again if you will note these listings you will see what I am talking about, such as cow-calf herd studies. They are done to assist in our overall goals.

We are working on a project with Iowa State University on vegetable production in the Missouri River Valley to see if we can diversify the economy and improve farm income in this region of our State.

I could go on, but primarily these studies are related to the agricultural commodities produced in our State.

We are fully aware certainly, that one of the big jobs we have to do is motivate communities and community leaders to prepare their communities to be able to improve the community image where it can be more attractive, to attract new payrolls to the community, and we are certainly aware that the need, as Senator Miller has pointed out, of the educational opportunities, the health services, transportation, adequate city facilities, sanitation treatment facilities, recreational, cultural, and social activities of the area are also very important to us, certainly the availability of capital to assist in this area is important.

One of the big problems certainly in our cities is the available assistance from the Federal and State agencies which will assist these communities in providing these facilities and if it does not happen, certainly there are a lot of them that I think will go by the wayside. Of major concern to me, and some people discussing the national growth policy, has been that they have talked about communities the size of 10,000 to 50,000.

Gentlemen, I would suggest to you that we here in Iowa, in rural America, have to give consideration to the cities ranging in population from 1,000 to 50,000 rather than to say there is a need to create new cities in our States as the large majority of these cities in these population ranges can and do provide a nucleus on which we can build and expand at a lot less expense while providing a good standard of living.

To me this will assist in the out migration problem that we have to the metropolitan areas which creates the problems we are witnessing today.

I would like to cite some of the statistics from the attachments on page 4 to you. In Iowa we have only seven cities with a population of over 50,000. Thirty cities have a population range between 10,000 to 50,000, while there are 221 with a range of 1,000 to 10,000 population which I do not believe we can afford to overlook.

I believe that a trend of their potential to attract desired growth is illustrated on page 2 of exhibit 1 where we note that during that period from 1966 through 1970, we experienced the following activity in communities with a population ranging from 1,000 to 10,000.

New industries started, 85, which represents 61 percent of the total new industrial projects for that time period. There are 148 branch plants which represent 47 percent of the total branch plants located in our State, and 322 expansion projects by existing industry which represents 38 percent of the total expansions taking place in the entire State.

These communities are awfully important to us. I should point out to you, which was not explained earlier, but is included in testimony. When we are talking about a new industry, we are talking about a company that did not exist before. It is a brand new operation. A branch plant is a company which has headquarters in the State or out of the State locating a new plant in some community within our State. Expansions, I believe, are self explanatory. At this point I have not mentioned the vast majority of our communities, 711, for instance, under 1,000 in population. Many of these communities can and have attracted new economic opportunities. Many of these do not possess the necessary facilities to support industry and, therefore, cannot compete with the larger communities. Further, the expense to prepare them is not economically feasible. All of these communities, however, are so located that they have easy access to the communities of 1,000 or over and can and will benefit from the concentration of activity and services within the larger communities.

To further illustrate this point, when talking about population I have included in exhibit 3, a story written by Mr. Bob Rigler, Security State Bank, New Hampton, Iowa, on the location of the Kitchens of Sarah Lee, a $27 million intallation, providing employment for about 500 people in a city of 3,600 population.

Other examples recently announced in past months are a plant facility in the town of Wilton Junction, Iowa, population 1,873 by MISCO. They will employ initially some 250 with a projection of up to be 1,000 employed, and in Sibley, Iowa, right in this region, population 2,749, with Chase Bag Co. announcing a plant to be built there, which will employ approximately 200.

Senator HUMPHREY. When something like that happens, it gives real plant facility to the city.

Mr. WYMER. That is right. You will see a change in the activities of Sibley, Iowa, in the next few years, and I know you are familiar with those, Senator.

Another major problem is that of farm income. It is my considered opinion if this problem could be resolved, many of the other problems would resolve themselves. To date in most of the recommendations that have been made on rural community development except for these hearings today, I would say, one of the major problems is low prices for agricultural commodities and it has not received a lot of attention. I realize in the last week President Nixon has come on stronger in this area, as he did when he was in Des Moines, but I am quite concerned with our cheap food policies both on the national and international levels. This added to the rapidly spiraling increase of farmers' production cost, to me, contributes to the total overall problem. To further emphasize the complexity of this problem, I am submitting "Exhibit 4, Problems Related to Ariculture in Iowa"—done for me by Dr. Marvin Lind, director of our research division, in cooperation with Mr. Del Van Horn, our agricultural director. Both of these gentlemen, by the way, are farmers.

The agricultural productivity and industry is increasing every year. The world food situation demands this. The problems I have just finished discussing will continue to perpetuate themselves unless we take a positive approach to find solutions. It is fairly obvious that if we are to maintain the present cheap food policy and a market level that will expand our foreign exports, and if we are to increase the income level that will expand our foreign exports, and if we are to increase the income level of our farmers, then we must subsidize their income as has been done in other industries.

I, therefore, recommend that in conjunction with a program for rural community development that a task force be established that would deal exclusively with the problems of low farm product prices.

In the past we have had almost countless task forces looking into this problem. These task forces have gathered volumes of information showing that there is indeed a problem. The vast majority of solutions proposed have been in the nature of putting out specific brush fires as they arose.

The type of force that I propose is one that is held within the confines of the total program and one that operates under the goal of the solution of the total problem, not the documentation of it.

I would propose that the membership of this task force include an individual who would be a member of the President's White House staff and who is currently a producer in agriculture and knowledgeable of national and international marketing problems. The balance of the membership should consist of individuals who are knowledgeable of agriculture's overall present policies and problems.

The membership should be representative of all sectors of the agricultural economy.

I have pointed out in my printed text other factors that we consider and the problems relating to them which I am certain you, the committee members, can read. The transportation facilities problem certainly as it relates not only to transporting our grain and agricultural products, but also our nonagricultural products, we definitely need an overall plan in coordination with the Federal and State Governments, to work out this problem today, a modern transportation system.

The education facilities in our State are good but there has to be a lot more coordination than in the past.

POLLUTION

Certainly one of the big problems is air and water pollution in the State. We have a good policy in this State but we have to develop an understanding between Federal and State level. We at the commission do not seek and will not try to located in our State a plant that we think is a polluter, unless they can assure us that they can correct the problem. I can cite you cases where this has happened and has worked out to everyone's satisfaction in our State.

HOUSING NEEDS IN THIS AREA

We used to have a planning division, which has been transferred to our office of program and planning. This group offered not only community planning, regional planning assistance, but in addition central business district renovation plans.

Congressman Culver was talking about this earlier in his testimony to aid these communities on a do-it-yourself program, and it has been working in our State. The housing needs problem in our State—is that 70 percent of all dwellings are classified as substandard and I would suggest to you that a majority of these are located in our rural areas.

Health facilities are documented as to what our current needs are in the rural areas.

NATURAL RESOURCES

There is a need to develop a master plan for the proper and best use of our natural resources so they can be preserved and utilized to the best advantage of our overall development.

Such areas as recreational development needs to be increased that will serve the needs of our people. Plus, properly done, they can be used to attract and serve tourists in our State who also can and do make major contributions to our economy.

Mr. Griffth talked about the major problems, or the one major problem we have in this area, the national energy crisis. This is only as it concerns fuel power today as we see it, but it is a major problem right in this region of the State, as well as a problem in the southwest region of the State. We know today if we attracted a plant in that area, which had a large demand for natural gas, we cannot guarantee them a supply. As the experts have explained it to me, if an immediate solution was found today, it would require from 3 to 4 years before the problem could be solved. Therefore, we are in trouble unless we can turn to some other source of power.

Senator HUMPHREY. Let us get that straight.

Mr. WYMER. I am talking about fuel power, gas, natural gas primarily. We have definite shortages in certain areas of the State today and the projection is not good. Mr. Griffith and I are in agreement on the problem. As it relates to electrical energy, there is no problem in the State as we understand it today. There is this problem, however, which not only is in our State but other States of the location of the nuclear power facilities and this is due primarily to the problem being pronounced by the public as relating to the pollution of the environment and the ecology of the area where these plants operate.

We have to do more in educating and create a better understanding of this problem in order to gain public acceptance for these plants.

In conclusion, President Nixon's proposal for Federal revenue sharing which includes $1.1 billion for a program for rural community development is most certainly a refreshing and welcome approach to us at the State level to determine our own problems, set our own priorities and then proceed to carry out a program that in my opinion will provide maximum benefits to rural Iowa. For too many years the programs that have been funded and directed by the Federal Government have not been flexible enough nor do they allow us at the State level to use them to the fullest advantage which would aid us in alleviating some of these problems.

I also call your attention to the tremendous amount of overlap we have between Federal and State agencies. This has created quite a waste and in many cases has not produced major results. For example, Extension Service within the United States Department of Agriculture is charged to carry out programs for economic development. Soil Conservation Service also is charged with this responsibility in their R.C. & D. projects.

In addition the Department of Commerce operates the public works program for the Economic Development Act of 1965, which is supposedly designed to assist the economic development of certain regions of our States when they can qualify, and I think Governor Ray testified to this very well when he pointed out that outmigration must be considered as a factor for qualifying these areas.

The Office of Economic Opportunity is presently conducting programs in multicounty regions with the stated objective of economic development.

As one reviews these programs, besides the overlap there is a lack of coordination between these agencies. There needs to be more coordination of effort with the State agencies who are also charged with this responsibility.

We need to encourage all agencies to coordinate their efforts in compliance with the delineated multicounty regions established upon the recommendation of the Federal Government for better planning and use of Federal funds and programs to assist these areas.

I do not desire to appear as an all-out critic of these programs as there are those that have been of value and assistance to these regions, especially those administered by the Farmers Home Administration to assist rural regions in the areas of housing, water systems, sanitary treatment facilities, and recreational areas, and I am glad to see increased funding for these purposes because it will help our State.

I would suggest that one of the problems is that these agencies were not originally designed for the purpose of community and economic development. Their design was for specific objectives, narrowly defined, and we now find them working in broader related areas that were not considered as a part of their prime objectives.

Hence, management and working staff at no fault of their own, find themselves working in an area unfamiliar to their profession.

Gentlemen, this suggests a need for consolidation, cooperation, and coordination as being proposed by the administration's reorganization of the executive branch.

In February of this year Governor Ray established our rural development council, which he has already outlined its membership to you. It can and will provide the vehicle to direct the maximum effort and program that can achieve the desired results for rural development.

The Federal agencies that I have mentioned have been considered and included on this council. It will be necessary for those at the Federal level who direct their operations to insist they work within and comply with the framework that is established at the state level to help carry out these programs.

In closing. I thank you for extending me the opportunity to appear and testify before your committee and may I encourage you to give every consideration to our President's proposal for Federal revenue sharing and especially as it relates to rural development.

You see, gentlemen, Iowa is truly a place to grow and we ask only the opportunity to take full advantage of our tax moneys and services to prove it to be true.

Senator HUMPHREY. Mr. Wymer, I want to thank you very much, and again may I say you have given persuasive documentation and argument on the revenue sharing program and I like very much what you had to say in the next-to-the-last paragraph in your statement, that Federal agencies as you put it that have been considered and included on this council. And it will be necessary for those at the Federal level who direct their operations to insist that they work within and comply with the framework that is established at the State level to carry out these programs.

I think that is getting right at it, getting right down to the nitty-gritty of what it is all about. We cannot have the kind of State organizational structure that you are putting together here and your Iowa Development Commission and the other programs that have been described by Governor Ray going in one direction and then have the Federal Government going in another direction or if not going in another direction, not in step with what you are trying to do statewide.

I consider that, of course, one of the most effective arguments for the revenue sharing. While it does not possibly meet all of our requirements I think that has some of the those benefits.

I am not going to ask any questions. I wanted to make sure that we incorporated, of course, in the record the entire body of testimony. I thought it was excellent.

How long have you been in business?

Mr. WYMER. I had been in community development work, chamber of commerce management, for about 14 years prior to my appointment to my present capacity almost 2 years ago as director of the commission.

Senator HUMPHREY. Give me an evaluation, a candid evaluation; of what your commisson has been able to do. Do you think it has met your expectations? What do you—what would you recommend over and beyond what you said here, if anything, to strengthen the commission's work?

Mr. WYMER. Senator, certainly I do not think that any one of us in my business from your State or any other States—people in my capacity are satisfied with what we are accomplishing and we feel there is more that can be done. One of the biggest problems we have in this State or any other is the lack of finance or capital to do it well. I can give the relationship. I am not knocking Extension Service at this point, but again indicate they have the moneys and personnel to do it, 402 professional people on the staff in this State alone.

Senator HUMPHREY. Where is that?

Mr. WYMER. Extension Service and in a broad field, again their emphasis has been rural development. I have a staff of 36 people. I am talking about people who are responsible for economic development who are knowledgeable in this field of endeavor. In that 36, you can cut it in half because there are secretaries and clerical personnel who support the professional staff. The point I make, the problem we have, we are professionals in this business and I have been in this business, as I said, almost 16 years, and my staff is entirely a professional staff. They know economic development. Just turn them loose and let them go and we can help rural development. I am thoroughly convinced they have done an excellent job in your State as well, but I think if you cite one problem they have today, former Governor Bellmon would agree, it is a lack of money by which you can get out and really do the job you want to do and better prepare the communities, I mean prepared in the right way, planned in the right way. I think industry will definitely locate here.

Senator HUMPHREY. Give us a qualitative analysis or evaluation between the Federal agencies and your commission? Are you getting this cooperation? Is it reluctant? How do you—I mean just lay it on the line. What do you think?

Mr. WYMER. Senator, I would say first of all, I am a lot to blame, too, because we were not achieving total cooperation. I had seen a lot of waste by Federal agencies working supposedly in the area of economic development because it is a popular term.

What I am saying is that they are out all over our state with the announced purpose being economic development. They are turning people on but they do not know how to deliver. How do you get a prospect? How do you plan an industrial park.

This is my point. They are turning on people but not in the areas of leadership and know-how. We have gone to some of these agencies: yes, we have sat down with them and discussed this problem. I believe we have gained more cooperation with them now in our State than we had previously. We recently had a meeting with Extension Service and the Office of Planning and Programing for this specific purpose, which I do not believe was totally successful or a total understanding was reached. We are going to go back and meet with them and try to break this and see where we can help each other. This again relates back to the Governor's Rural Policy Council. I have proposed to OEO, both in the State and in Washington, that in lieu of conducting projects within multicounty regions for the purpose of economic development, which is operated with staff people of OEO, who live within these regions that we attempt to utilize these funds in the multicounty regions that would comply with our State's multicounty delienated areas, a program that would fund directly or on a matching basis to local development corporations, moneys that could be used for the purpose of creating new employment or attracting new employers to their communities. To just state that we are going to set up a program within these regions, and in most cases they do not comply with our State's multicounty delineated areas, hire people who in most cases do not possess the professional backgrounds for this purpose, to attain economic development within these regions has not and is not working. They retain people to compile information and data that possess little or no knowledge or ability that will achieve this goal. In many cases, the information on the region has already been compiled and is available. It is repeating working that has already been done. OEO is spending more money in this State today in three proposed regions for economic development than our agency, the IDC, is spending for the total State of Iowa, and we are charged with the responsiblity of the economic development of our State. I have yet to see them locate an industrial plant so, therefore, my suggestion to set up this experimental project with the intended purpose of funding the professionals within the local communities who are responsible for the economic development for their community and allow them to proceed and show them how it can be accomplished.

Senator HUMPHREY. That makes sense.

Mr. WYMER. I think it does. We have pros as well as lay individuals in these communities that can do it, in the smaller communities as well, and if they have programs that have meaning and purpose and they can provide new job opportunities, fund them, require them to match funds, they will match them. But let us quit hiring people for the sake of hiring people and let them run around the countryside getting everybody excited when there is nothing really to get excited about.

Senator HUMPHREY. Thank you for your frank testimony, Mr. Wymer.

Senator Allen?

Senator ALLEN. No; I have no questions.

Senator HUMPHREY. Senator Miller?

Senator MILLER. Conspicuous by its absence from your testimony was any suggestion about tax incentives.

Mr. WYMER. Senator, I do not believe in tax incentives. I think good industry will pay its fair share. If you have a good program, you will attract them.

Senator MILLER. Let me turn it around. Conspicuous in your statement was the absence of anything said about the competitive disadvantage you may suffer in connection with State tax systems or local property taxes.

Mr. WYMER. Well, I think in Iowa and the entire Midwest, our tax programs are pretty attractive. I would suggest that the battle to provide a favorable tax climate, that will serve as an incentive is between the Iowa Development Commission and our legislature. For instance, one of the disadvantages is the 3-percent use tax on capitalized equipment. If I had that eliminated toay, it would make us much more competitive with Minnesota.

Senator HUMPHREY. You mean to tell me we have got one good tax advantage?

Mr. **Wymer**. You have one. The point being as you look at the toal midwest, we are beginning to work together more, the midwestern States. Primarily 12 States, to attract industry to the region, we are talking more on these terms today. For instance, John Johnson, my assistant director, will be in Munich, Germany, sometime in the middle of June, where he will represent all the midwestern States west of the Missouri River, seven of them, and proposing reverse investment within these States. Today we note a new and expanded trend of foreign investment taking place. We in the midwest have not been exposed and, therefore, are not identified as a location for foreign companies, yet we can offer programs that produce a much more favorable business climate than that offered by the east coast, where a majority of these companies are locating. When you compare the problems and the rapidly increasing cost being experienced in Germany today with the east coast, then we in the midwest are definitely more attractive when it comes to the total cost of operations, quality of labor, etc.

In cooperation with the Department of Commerce, we finally have the opportunity to break this barrier by sending a man over there and making a direct pitch to these foreign corporations. We think we can gain from it very definitely.

Senator **Miller**. That sounds great to me. I have not heard of that development. They are doing it in some other states and there is no reason why we should not do it here.

Mr. **Wymer**. We found out last June when we were in Europe, the major problem we have is identity. The other midwestern State agencies have joined with us in a joint effort to attract business.

Senator **Miller**. Thank you.

Senator **Humphrey**. Senator Bellmon?

Senator **Bellmon**. I want to say at this point, I am really proud of the statement Mr. Wymer made here and I also want to congratulate him on his fine record of new industries and branch industries located in Iowa. Somebody probably got here before you did.

Mr. **Wymer**. That is right.

Senator **Bellmon**. I do not want to ask you your professional secrets, but what do these plant locators look for with an idea of helping us devise more attractive programs?

Mr. **Wymer**. Certainly, Senator, you as a former Governor of Oklahoma know that the first problems or first thing they look for is the market they are going to serve. Once they determine that area, now we bring it down to location factors. Transportation is a key. I think the one thing we are seeing today, one of the biggest trends, is quality of people and rural America has quality people, people who want to work and will work. We have people who will work an hour for an hour's pay and companies like this. There are many other factors.

Certainly you must have all of the ingredients and you never know what the company is going to place the most emphasis on, taxes, water supply, schools. You never know. It depends on what they are marketing, what they are building, so you have to adjust to each but you have to have all of these elements and the resources of that community has to be good enough to be able to supply them.

Certain communities may have an advantage in that their transportation system is better so they are more attractive.

It may be their rail transportation or truck transportation but it varies with communities and with industries what they seek, but I am finding more and more today, and it is a problem, in urban America today, in the metropolitan areas today right in our State that industry today, the former chairman of the board of 3M Company said it and said it well when he commented when he was asked why did you locate a branch plant in the town of Knoxville, Iowa, population 7,755.

We can find people there who want to work. I can make a profit. I think that is the key.

Senator BELLMON. Do you have any counsel for the committee as we undertake to devise the programs to bring more development to rural America? What do we need to concentrate on in the Congress?

Mr. WYMER. Give us the vehicle to prepare our communities, a transportation system that will serve this midwestern region. I think this is of prime importance—the sewer systems, the water systems, receational areas, things of this nature.

Senator BELLMON. In other words, if we will provide the wherewithal for you to provide the community services you believe you can bring in the job?

Mr. WYMER. I sure do, sir.

Senator BELLMON. Let me ask you a couple of other questions. In these rural developmental efforts that you carry on so effectively, do you get the kind of help you would like to have from the existing federal agencies?

Mr. WYMER. I would say that in many instances we do. I am going to talk straight from the shoulder, I hate to appear to keep hitting at Extension Service. Let us say that we do have a prospect who needs or requires a large quantity of milk in their processing of a product. If we do not already possess information on the supply of milk from this area, then one of the best sources for us due to their staff people already in the field would be Extension Service, as they can assist in documenting the source and quantity of supply, and we do get this cooperation and input from them. You see, we cannot operate without the cooperation of all the other agencies. For example, our air and water pollution people, vocational and technical training and programs, labor supply, etc. So our role is to get everybody together in the ballgame that has any input to assist us in compiling the proper factual information and data to do the best job in presenting our proposals to the company to locate within that region. I would suggest that when this type of input is needed from these agencies, you receive their fullest cooperation.

Senator BELLMON. Do you feel that the Federal agenies we have in the field at the present time are oriented toward rural development?

Mr. WYMER. I think the orientation has come down from USDA and again as I stated earlier, I have no quarrel with the idea or the concept but I do not think they were originally designed or set up to do this type of work and I am talking about economic development work. I believe that there are men within their organizations that can go out and help get these communities in line in preparing themselves, but I am afraid as you examine a majority of their personnel, their knowledge of really how to go about industrial development, economic development how do you really prepare, what is really needed, how do you get a prospect is lacking very definitely.

Senator BELLMON. Do you feel that these Federal agencies should properly get into that field?

Mr. WYMER. Not necessarily. I would like to have some of the money they are spending on it in that area today, and let me put the proper people to work in these regions. I think that we could show you quite a difference in the trends.

Senator BELLMON. So you are saying we may be wasting some money over the years.

Mr. WYMER. it has been popular to say we are going out and bring economic development to rural America. It has been very popular since way back when and everybody gets into the ballgame and you have multiagencies running around saying we are going to be responsible for economic development. I am not critical of the people. They have been told to do this.

They are not getting the job done and you show me where they have located a plant.

Senator BELLMON. So your analysis, your recommendation would be that we provide the wherewithal to give the mayor and city council and county commissioners the necessary funding to bring their community service up to a level that is attractive and that the plant development, plant location, can be handled by the State and that it will happen?

Mr. WYMER. That is right. I firmly believe that. I think mid-America is hot today for locations.

Senator BELLMON. Now, then, one other question. If you come into a community of, say, 3,500 and bring in a plant that is going to employ, let's say, 500 or a thousand people, this is going to be a major influx of population for this community?

Mr. WYMER. No.

Senator BELLMON. The people are already there?

Mr. WYMER. Yes, they are there, the point being we have in the State of Iowa—our unemployment rate as one of the lowest in the country, but again I can cite to you—I have not seen the figures but recently the announcement of the Fuller Transmission Co., Shenandoah, Iowa, population 8,000——

Senator BELLMON. Let us take a smaller community.

Mr. WYMER. OK. Take the plant at Wilton Junction. Initial employment, 250 to 275, projected to 1,000. The community size today is less than 2,000. They will move 13 families, the company will, to that community. We have surveyed the region and the people are there. They are engaged in farming. They are housewives living in the area, and they will commute. It is easier to commute 50 miles out in the country than it is in the city.

Senator HUMPHREY. Give miles, my friend.

Mr. WYMER. I agree.

The people are there. It is a matter of upgrading them, giving them new opportunities and a lot of them who are available are not shown as being employed. I am saying Mrs. Housewife today or the farmer who is farming the 160, 320 acres, will put in 8 hours in a plant a day and still maintain his farm.

Senator Bellmon. So this becomes a sort of supplemental income that lets the underemployed farmer stay in agriculture?

Mr. Wymer. Right.

Senator Bellmon. You sort of cut off the question I wanted to ask. That is whether or not when you do get an influx of population where the local communities are willing to go ahead and bond themselves for the new schoolhouses and perhaps hospitals and other services they are going to have to provide?

Mr. Wymer. I think you will find that so. Maybe people out in the perimeter will move in and create a load in the school but ordinarily we find industry has provided a new tax base in that community which will also help provide these services. We have experienced industrial locations in Iowa taking place and no increase in the tax load. I can cite cases where we have had a heavier concentration by industry locating within a given community and the mill levy has actually gone down.

Senator Bellmon. So the new plant is not a burden on the community?

Mr. Wymer. There could be times—but a majority of instances, industry will pay their own way.

Senator Bellmon. Our situation in Oklahoma is because of municipal bonds, we literally build a tax-free facility for 20 years.

Mr. Wymer. We use the industrial revenue bonds in this State but they have to contribute an amount equal to the property taxes to the taxing bodies.

Senator Humphrey. Payments in lieu of?

Mr. Wymer. That is right, and, we feel again they ought to pay their own way and thus, we do not have these problems.

Senator Bellmon. That is all.

Senator Humphrey. There is very little activitiy here in EDA according to the Governor. Are you of the same mind as the Governor; namely, that the qualifications for EDA development loans should be substantially altered?

Mr. Wymer. Very definitely, Senator. I know Bob Podesta quite well. He is the liaison man between my national organization, The National Association of State Development Agencies, to Secretary Stans. There are 12 of us. My counterparts who are serving in an advisory capacity to Secretary Stans working through and with Bob Podesta, who is also in charge of the EDA program, and I believe that he is very much aware of the problem as it relates to qualifying for EDA funds here in the midwest. We have three counties in the State today, who qualify, but the problem is not only the outmigration factor but the problem of the horse is out of the barn before you can qualify.

Look at your native State, look at Duluth Minn. Before it could ever quality, the people were unemployed. It was a mess and this is the problem with EDA.

Senator Humphrey. I was over to see Bob about a matter in Sebeka, Minn., the same problem you are talking about. We do not quality. We have $50 million, gentlemen, the total amount of money for economic development loans for the entire United States of America. We loan more money than that to La Paz, Bolivia.

Mr. WYMER. That is right, and also look at agriculture the same area, the same problem.

Senator HUMPHREY. Incredible. Do you measure both the costs and the benefit when promoting a plant for a community?

Mr. WYMER. Oh, yes. You mean as it relates to our costs?

Senator HUMPREY. Do you have some kind of measurements or standards, you apply when you are out to get a new plant for a community which will tell you the benefit to the community, as well as what the costs might be? This goes back to the question Senator Bellmon was asking.

Mr. WYMER. Normally we do and we try to analyze it, especially the benefits to the community as they would compare with the cost that might be encountered as it would relate to such things as sewer and water mains, etc. We also assist in planning the plantsite layout of the plantsite, etc.

Senator HUMPHREY. I want to pin down one thing because I was impressed by your evaluation and statements about it. Am I correct in understanding your point of view that if the Federal Government will supply resources for community facilities, as mentioned by the Senator here, and supply loans and grants that your State agency will get the new industry, and work out the arrangement with the State, and local people?

Mr. WYMER. Yes, sir, I do. Don't misunderstand the point. Not just we, the State agencies alone. It is with the people right here for instance, in Sioux City and other communities within our State that are equipped and are doing the job today. If you have the industrial groups well organized in the communities, strong leadership and who know what they are doing, they are our tools in assisting us of getting the job done for their communities.

Senator HUMPHREY. You are aware of the fact, aren't you, Mr. Wymer, that everybody does not have as good an organization as you have. I am aware of your program down here.

Mr. WYMER. Well, I appreciate that.

Senator HUMPHREY. I am serious about that.

Our people in Minnesota told me about the things you are doing. Is every State, do you think, from your professional contacts, as well equipped to handle these programs, plant locations, industrial development, economic development, as you are and with the degree of competence that you do?

Mr. WYMER. Yes, I do.

Senator BELLMON. You do?

Mr. WYMER. Well, again, there are some that are politically appointed and in this case they do not have the professional staff of people and are not doing the total job, but I would say the majority of the States are today prepared and can do the job and they are doing the job and in the last 5 years we have seen a very great change in this area.

Senator HUMPHREY. Thank you very much. You are very helpful. You are a man on the job and we appreciate it.

Mr. Wymer. Thank you.

(The prepared statement of Mr. Wymer follows:)

Mr. Chairman, Senators, and guests, we in Iowa are most pleased to have you here and it is indeed a pleasure to have the opportunity to appear before you. We are even more pleased that you chose Iowa as the site for your first Hearing which I believe you will agree is in the heartland of rural America and is a major contributor to the agricultural out-put of this great nation of ours.

The Iowa Development Commission has been involved in rural development since it was established in 1945. The Iowa Code designates it as the agency with the responsibility for the total economic development of the state. This direction covers a direct responsibility in the areas of industrial, agricultural, export and international trade, and tourism promotion, with a professional staff of 36 carrying out these responsibilities.

The Iowa Development Commission is keenly aware of the need for rural community and area development. Since a vast majority of the communities in our state can be so classified, it should be further pointed out that the economies of our larger cities such as Des Moines, Cedar Rapids, Sioux City, etc., are closely aligned to the economy of our rural areas, and it has often been said that "so goes the farm economy, so goes the total economy of Iowa."

I have attached a summary, marked Exhibit I, of the Commission's activities as it would relate to industrial locations within the state during the past 10 year period, with a recap sheet showing the amount of activity, total employment and capital investments during the 10 year period from 1960 through 1970.

The second sheet indicates the percentage of these industrial locations and expansions by community size.

The third sheet indicates the number of branch plants and relocations within each county for the period 1960 through 1970. (Branch plants are those companies which have plant facilities in other areas who start a new plant within our state.)

The fourth sheet shows the new industries started within each county during the same period. (New industries means a company newly started that has no plant operation anywhere else.)

The last page indicates the SIC classification of the types of companies locating or expanding in the state of Iowa during the period of 1970.

I believe that it can be quickly noted that a high percentage of these plant locations and expansions have taken place in rural communities and a high percentage of these compliment our agricultural economy by providing new markets for our agriculture products. This is especially true of the city in which we are holding this hearing today.

Following the completion of the 1970 census, the Commission, through its Research Division, projected that during the next 10 year period, we in Iowa will need to provide 167,000 new jobs just to provide employment for Iowa people graduating from our high schools and coming off our farms or farm employment. In addition, it should be pointed out that through our Research Division, several publications and numerous studies are made which *have* and *will* assist the rural communities and farmers to improve their economic status.

I have attached Exhibit II, which is an outline of some of these publications, current and recently completed studies and some of the past research projects, which have been conducted by our Research Division and in several cases, in cooperation with our Universities and other interested organizations.

Another major effort made by this Commission, in addition to attracting industrial development or creating new job opportunities within these communities, is to work and motivate them to prepare and improve the overall image and services of the community so that they can be prepared to compete for new payrolls within their community and areas.

We are fully cognizant that the quality of life provided in these communities is a key factor in their future ability to attract new growth. Such facilities as our educational institutions, health services, transportation, adequate utilities and sanitation treatment facilities, as well as the recreational, cultural and social activities of the area are of equal importance in these key factors.

Available capital and the assistance from federal and state agencies which will assist these communities in providing these facilities is highly essential if we are to achieve the goal of accelerated growth in these communities.

It has been stated that we should seek a national growth policy that would accelerate the growth in the cities from 10,000 to 50,000. There has been a lot of discussion and money spent in developing new and model cities.

I would like to suggest that in reviewing the guidelines for a national growth policy as it would relate to Iowa and rural America, consideration must be given to include the communities ranging in population size from 1,000 to 50,000.

I further would suggest that there is no need to create new cities in our state as a large majority of these communities in this population range, *can* and *do* provide a nucleus on which we can build and expand, at less expense, that will provide the opportunities for our people to maintain and enjoy a good standard of living.

This would assist in eliminating the migration of the citizens of these areas to the metropolitan areas which create the additional problems that are presently being experienced in the metropolitan centers.

In Iowa today, we have only seven cities with a population of over 50,000; 30 cities have a population ranging between 10,000 and 50,000; while there are 221 with a range of 1,000 to 10,000, which I do not believe we can afford to overlook their potential of being able to attract new growth that will provide job opportunities that would at least allow the residents of that region to remain there and earn an adequate living.

I believe that a trend of their potential to attract this desired growth is illustrated on page two of Exhibit I. We note that during the period from 1966 through 1970, we experienced the following activity in communities with a population ranging between 1,000 and 10,000: New industry started—85, which represents 61% of the total new industrial projects for that time period. There are 148 branch plants, which represents 47% of the total branch plants locating in our state and 322 expansion projects by existing industry, which represents 38% of the total expansions taking place in our state during that time period.

To this point, I have not mentioned the vast majority of our communities . . . 711 in this instance, that are under 1,000 in population. Many of these communities *can* and *have* attracted new economic opportunities. However, many of them simply do not possess the necessary elements to compete with the larger communities, and the expense to prepare them is not economically feasible. All of these communities, however, are so located that they have easy access to communities of 1,000 and over and *can* and *will* benefit from the concentration of activity and services within these larger communities.

To further illustrate the abilities of the smaller communities to attract job opportunities, I have attached Exhibit III, a story written by Bob Rigler, President of the Security State Bank, New Hampton, Iowa, population 3600. This article appeared in the publication "Banking Journal of the American Banking Association." This article sights the announcement of the Kitchens of Sara Lee's multi-million dollar plant in that city.

Other examples which support my theory that industry *can* and *will* locate in the smaller communities are the recent announcements of two in our state. One in Wilton-Junction, Iowa, population 1873 by MISCO, which will build a facility in that community with opening employment of approximately 250 and a projection that the employment could go to 1,000. Two is Sibley, Iowa, population 2749, locating a facility that will employ initially some 200.

One of the major problems today facing rural Iowa and America is that of *farm income*. It is my considered opinion that if this problem could be resolved, many of the other problems related to rural community development would resolve themselves.

To date . . in most of the recommendations that have been made on rural community development, one of the major problems, low prices for our agricultural commodities, has not recieved enough attention.

Our cheap food policies, both on the national and international levels, added to the rapid spiraling increase of the farmer's production costs, is the major contributor to the overall problem.

To further emphasize the complexity of this point, I am submitting Exhibit IV, entitled "Problems Related to Agriculture in Iowa" which was done for me by Dr. Marvin Lind, Director of our Research Division, in cooperation with Mr. Del Van Horn, our Agriculture Director. Both of these gentlemen are farmers.

The agricultural productivity and industry is increasing every year . . . the world food situation demands this. The problems that I have just finished discussing will continue to perpetuate themselves unless we take a positive approach to find solutions.

It is fairly obvious that if we are to maintain the present cheap food policy and a market level that will expand our foreign exports, and if we are to increase the income level of our farmers, then we must subsidize their income as has been done in other industries.

I, therefore recommend that in conjunction with a *Program for Rural Community Development*, that a *Task Force be established which would deal exclusively with the problems of low farm product prices.*

In the past, we have had almost countless Task Forces and groups looking into this problem. These Task Forces have gathered volumes of information, showing that there is, indeed, a problem. The vast majority of solutions proposed have been in the nature of putting out specific "brush fires" as they arose.

The type of Force that I propose is one that is held within the confines of the total program and one that operates under the goal of the solution of the total problem, not the documentation of it.

I would propose that the membership of this Task Force include an individual who would be a member of the President's White House Staff, and who is currently a producer in agriculture and knowledgeable of national and international marketing problems.

The balance of the membership should consist of individuals who are currently producer oriented as well as those individuals who are knowledgeable of agriculture's overall present policies and problems.

The membership should be representative of all sectors of the agriculture economy.

Other major factors and problems where assistance is needed in preparing our communities so that they will be more attractive and can accommodate new growth, are as follows:

1. Transportation Facilities

The state is experiencing problems in both rail and truck transportation. This involves not only the transportation of grain in and through the state, but also the transportation of non-agricultural commodities throughout the state. The solution to the transportation problem calls for a joint effort on the part of state agencies as well as federal agencies.

2. Educational Facilities

In Iowa there are a number of educational programs at various levels. However, in a number of cases these education programs are not coordinated. The secondary schools, the area vocational schools, the colleges and universities, and private schools, as well as extension programs, need more coordinated effort at the state level.

3. Pollution Control

While urban areas are stifled by the many forms of pollution resulting from concentration of people, the rural areas are also being affected by the various activities of man, but of a different nature. Specifically, pollution problems in rural areas have to do with the various forms of air and water pollution. Unless this growing blight is curbed, rural areas will experience a apart of the menacing effects brought about by the lack of environmental controls. State and local agencies face an enormous task of developing standards and enforcing the standards for pollution control. In this area there needs to be a close coordinated effort between the state and federal government.

We at the Iowa Development Commission maintain a policy in developing new industry . . . that we will not seek to locate within our state, those operations that would pollute our environment, unless we can be well assured that the firm *can* and *is* willing to make the necessary investment and comply with our environmental standards.

4. *Cities and Towns*

An integral part of the rural areas is a small city, town or village. It is imperative that many of the small service areas be retained to facilitate further development in the area. This entails essentially the improvement of services needed in these areas. Closely aligned with the improvement of the small towns is the improvement of service facilities including water and sewer, pollution control, adequate welfare facilities and adequate police facilities.

A major problem in the small cities and towns is that of financing needed facilities. The various alternative means for financing need to be coordinated by local, state and federal agencies.

Some of the services, studies and publications available from this state to assist these communities are: 1. Planning Assistance 2. Planned Unit Housing Development 3. Sanitary Land Fill Manual 4. Central Business District Renovation Manual.

5. *Housing Needs*

Studies show that there is a housing crisis in Iowa, not the classical crisis of the unhoused, but rather that of the poorly housed. Twenty-four Iowa counties have in excess of 40% of their housing stock classified as substandard and no county has less than 20% substandard housing. On a statewide basis, less than 70% of all dwellings are classified as standard. The problem of poor housing is proportionately greater in rural areas than it is in urban areas. Here again is a need for a joint effort by both state and federal agencies.

6. *Health Facilities*

The Committee on Health Manpower, upon review of the Iowa health care system has identified the major problem areas. No effort has been made to establish priority among those areas, here listed:

a. The provision of health services and medical care for the rural population.

b. The provision of health service and medical care and supporting medical-social arrangements for the indigent population (living primarily in cities).

c. The provision of health services and medicare for the aged.

d. The provision of emergency medical services.

e. The provision of rehabilitative health services.

f. The provision of community health services.

g. The provision of public health programs and services.

7. *Natural Resources*

There is a need to develop a master plan for the proper and best use of our natural resources so they can be preserved and utilized to the best advantage of our overall development.

Such areas as recreational development needs to be increased that will serve the needs of our people. Plus, properly done, they can be used to attract and serve tourists in our state who also *can* and *do* make major contributions to our economy.

Another major problem is that of the *national energy crisis*. It is our considered opinion that if we are to be successful in our goals for the good, sound economic development of our state, then we will have to be assured of an adequate supply of *fuel power*. Today, in Iowa, as well as many regions throughout our country, this is a major crisis. I call upon this committee and all the other agencies of the federal government that are concerned with this problem, to expedite with due haste, all efforts to resolve this crisis.

The electrical energy crisis that has been sighted in various sectors of the United States does not presently exist in Iowa or is there any projection in the foreseeable future that we will have a problem for an adequate supply of electrical energy; however, a major concern is that of developing nuclear power facilities, due to the problems that are being pronounced by the public, as it relates to polluting the environment and the ecology of the people in the areas where these plants operate.

In conclusion . . . President Nixon's proposal for Federal Revenue Sharing, which includes $1.1 billion for a Program for Rural Community Development, is most certainly a refreshing and welcome approach to allow us at the state level to determine our own problems, set our priorities and then proceed to carry out a program that in my opinion, will provide maximum benefit to rural Iowa.

For too many years the programs that have been funded and directed by the federal government have not been flexible enough, nor do they allow us at the state level to use them to the fullest advantage, which would aid us in alleviating some of the problems.

I also call your attention to the tremendous amount of overlap we have between federal and state agencies. This has created a waste and in many cases has not produced major results.

For example, Extension Service within the United States Department of Agriculture, is charged to carry out programs for economic development. The Soil Conservation Service is also charged with this responsibility, in their R. C. & D. projects. In addition, the Department of Commerce operates the Public Works Program for the Economic Development Act of 1965, which is supposedly designed to assist the economic development of certain regions of our states *when they can qualify*. The office of Economic Opportunity is presently conducting programs in multicounty regions with the stated objective of economic development.

As one reviews their programs, besides the overlap, there is a lack of coordination between these agencies. There needs to be more coordination of effort with the state agencies who are also charged with this responsibility.

We need to encourage all agencies to coordinate their efforts in compliance with the delineated Standard Multi-County Regions established upon the recommendation of the Federal Government for better planning and use of federal funds and programs to assist these areas.

I do not desire to appear as an all-out critic of these programs—as there are those that have been of value and assistance to these regions—Especially those administrated by the Farmers Home Administration to assist rural regions in the areas of housing, water systems, sanitary treatment facilities and recreation areas.

I would suggest that one of the problems is that these agencies were not originally designed for the purposes of community and economic development. Their design was for specific objectives, narrowly defined, and we now find them working in broader related areas that were not considered as a part of their prime objectives—Hence management and working staff, at no fault of their own, find themselves working in an area unfamiliar to their profession.

Gentlemen this suggests a need for consolidation, cooperation and coordination as being proposed by the Administrations reorganization of the Executive Branch.

In February of this year, Governor Ray established our Rural Development Council, which he has already outlined its membership to you, that can and will provide the vehicle to direct the maximum effort and program that can achieve the desired results for rural development.

The Federal agencies that I have mentioned have been considered and included on this council. It will be necessary for those at the federal level who direct their operations to insist that they work within and comply with the framework that is established at the state level to carry out these programs.

In closing . . . I thank you for extending me the opportunity to appear and testify before your committee and may I encourage you to give every consideration to our President's proposal for Federal Revenue Sharing and especially as it relates to rural development. You see, gentlemen, Iowa is truly a place to grow, and we ask only the opportunity to take full advantage of our tax monies and resources to prove it to be true.

(The exhibits attached to Mr. Wymer's statement are as follows:)

Exhibit I

1960-70

	New industry	Branch plants	Expansions	Totals
INDUSTRIAL DEVELOPMENTS				
1960	18	23	44	85
1961	17	18	33	68
1962	17	7	38	62
1963	28	34	124	186
1964	49	71	158	278
1965	36	89	163	288
1966	30	101	181	312
1967	20	70	151	241
1968	34	67	173	274
1969	23	37	185	245
1970	32	36	155	223
	304	553	1,405	2,262
TOTAL EMPLOYMENT				
1960	460	1,298	1,689	3,447
1961	967	961	1,431	3,359
1962	890	700	2,035	3,625
1963	1,350	1,789	2,954	6,093
1964	921	2,396	3,559	6,876
1965	1,645	2,920	6,969	11,534
1966	505	5,263	9,698	15,466
1967	246	2,213	6,848	9,307
1968	754	1,492	4,763	7,009
1969	1,188	3,845	6,206	11,239
1970	904	3,130	3,508	7,542
	9,830	26,007	49,660	85,497
CAPITAL INVESTMENTS [1]				
1960	$2,589,000	$34,910,000	$28,203,000	$65,702,000
1961	22,755,000	24,583,170	32,230,000	79,568,170
1962	5,850,000	4,500,000	17,795,000	28,145,000
1963	9,821,296	23,316,000	37,675,764	70,813,060
1964	16,176,500	52,790,500	65,400,753	134,367,753
1965	71,345,000	27,061,000	111,224,900	209,630,900
1966	2,770,000	102,280,000	132,160,000	237,210,000
1967	2,720,000	54,710,000	213,575,600	271,005,600
1968	8,029,000	26,115,000	176,920,125	211,064,125
1969	25,102,000	55,375,000	128,879,000	209,356,000
1970	14,028,000	107,990,000	96,930,200	218,948,200
	181,185,796	513,630,670	1,040,994,342	1,735,810,808

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[1] Source: (SIC) Standard Industrial Classification Manual. Does not include electrical generating facilities.

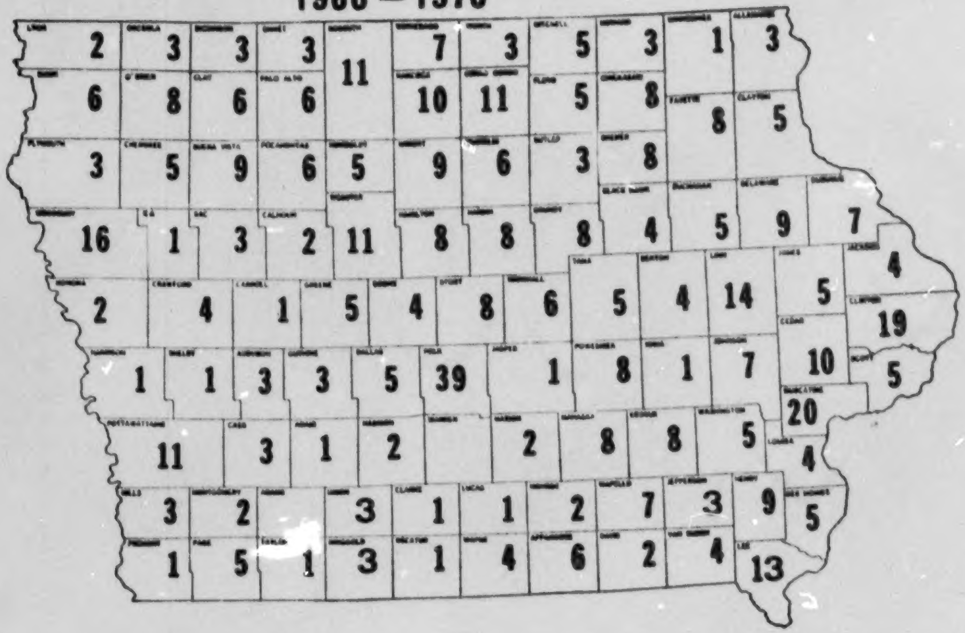
Note: Compiled by Development Division, Iowa Development Commission.

INDUSTRIAL DEVELOPMENTS BY COMMUNITY SIZE

Population	Less than 1,000		1,000 to 5,000		5,000 to 10,000		10,000 to 25,000		Over 25,000		
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Annual total
1966											
New industry	5	17	12	40	5	17	4	13	4	13	30
Branch plants	19	19	42	41	19	19	7	7	14	14	101
Expansions	9	5	25	14	25	14	23	12	99	55	181
Total	33	11	79	25	49	16	34	11	117	37	312
1967											
New industry	2	10	7	35	2	10	2	10	7	35	20
Branch plants	25	36	24	34	7	10	5	7	9	13	70
Expansions	0	0	26	17	29	19	29	19	67	45	151
Total	27	11	57	24	38	16	36	15	83	34	241
1968											
New industry	4	12	13	38	7	20	4	12	6	18	34
Branch plants	38	57	12	19	5	7	3	4	9	13	67
Expansions	7	5	42	24	18	10	20	11	87	50	174
Total	49	18	67	24	30	11	27	10	102	37	275
1969											
New industry	1	4	13	57	2	9	1	4	6	26	23
Branch plants	1	3	13	35	8	22	4	10	11	30	37
Expansions	6	3	52	28	42	23	24	13	61	33	185
Total	8	4	78	32	52	21	29	11	78	32	245
1970											
New Industry	0	0	18	56	6	19	1	3	7	22	32
Branch plants	2	6	8	22	10	28	7	19	9	25	36
Expansions	5	3	34	22	30	20	13	8	73	47	155
Total	7	4	60	27	46	20	21	9	89	40	223

BRANCH PLANTS & RELOCATIONS

1960 — 1970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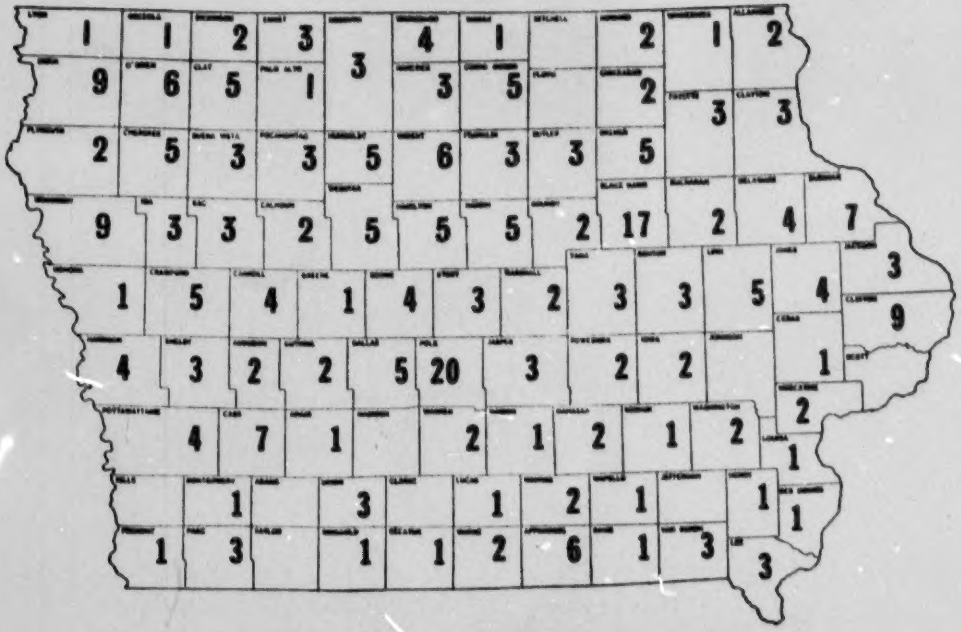
TOTAL BRANCH PLANTS - 533

NEW INDUSTRIES (HOME GROWN)

1960 — 1970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4 3 2 2 5 20 3 2 2 1
4 7 1 2 1 2 1 2 2 1
1 3 1 2 1 1 1
1 3 1 1 2 6 1 3 3

TOTAL NEW INDUSTRIES - 304

1970 INDUSTRIAL DEVELOPMENTS BY SIC CLASSIFICATION

		New industry	Branch plants and relocations	Expansions	Total
20	Food and kindred products	5	7	43	55
22	Textile mill products	2	1	0	3
23	Apparel and fabrics	0	1	3	4
24	Lumber and wood products	2	2	4	8
25	Furniture and fixtures	1	0	4	5
26	Paper and allied products	0	0	6	6
27	Printing and publishing	0	2	1	3
28	Chemicals and allied products	0	3	8	11
30	Rubber and plastics	2	3	4	9
31	Leather and leather products	0	0	1	1
32	Stone, clay, and glass products	1	0	11	12
33	Primary metals	2	1	2	5
34	Fabricated metal products	7	7	37	51
35	Machinery (except electric)	2	3	19	24
36	Electrical machinery	2	3	5	10
37	Transportation equipment	5	3	4	12
38	Professional and scientific	0	0	0	0
39	Miscellaneous manufacturing	1	0	3	4
	Total	32	36	155	223

Exhibit II

PUBLICATIONS AND STUDIES BY THE RESEARCH DIVISION, IOWA DEVELOPMENT COMMISSION

1. *Periodic Publications*
   - a. Iowa Economic Indicator Quarterly
   - b. The Business of Agriculture, Monthly
   - c. 1970 Statistical Profile of Iowa, Annual
   - d. Manufacturers Directory, Biennial
   - e. Export Directory, Biennial
2. *Current Studies*
   - a. Confined Cattle Feeding Facilities
   - b. Increased Feeder Cattle Supply
   - c. Market Development for Iowa Soybeans
   - d. Harvesting, Drying and Storage, Quality Determination of Corn
   - e. Transportation of Grain
   - f. Community Comparison Studies for Industrial and Economic Development
3. *Past Research Projects*
   - a. Microbiology in Meat
   - b. Role of Convenience Foods
   - c. Soybean Breeding
   - d. Cross-linkable Starch
   - e. Byproduct Upgrading
   - f. New Developments in Meat and Meat Packing Technology
   - g. Meat Technology and Transport
   - h. Food Processing Opportunities in Iowa
   - i. Iowa as a Location for Pet Food Plants

Exhibit III

SMALL TOWN ENTICES BIG INDUSTRY

(By Robert R. Rigler)[1]

(Here is the story of negotiations which brought the multi-million-dollar "Kitchens of Sara Lee" to New Hampton, Iowa.)

New Hampton, Iowa, with a population of 3,600, is a rural community in typical Iowa farming country in the northeast corner of the state. Many residents commute to work in farm machinery plants and related industries in neighboring larger cities as there is no sizable industrial employer in our city. Population of the county has been slowly declining with the mechanization of farming.

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[1] The author is president of Security State Bank, New Hampton, Iowa.

Business leaders had made attempts, futile for several years, to attract industry—until Kitchens of Sara Lee, of Deerfield, Ill., broke ground on Oct. 1, 1970, for construction of the most modern food-processing plant in the world. The plant will be completed in July 1972, will employ more than 500, will cover 340,000 square feet, and will be a multi-million-dollar facility.

Behind this tremendous development lies a story of significant bank involvement.

When officers of New Hampton's industrial corporation learned that Sara Lee was planning to build a plant to produce its new line of institutional foods, as well as expand its production of traditional bakery products, they extended a personal invitation to the president of the company to come look the city over.

He sent out a team in January of 1969. They spent a day and a half with New Hampton's five-man negotiating team and with city and school officials. We thought we had the answers to important industrial questions, but we soon realized how much we didn't know. However, we were honest with them and never tried to deceive. We promised them prompt answers—and we provided them.

The Sara Lee people seemed pleased when we asked if our negotiating team could bring Iowa Governor Bob Ray and the director of the Iowa Development Commission to their Deerfield headquarters. Fortunately I happen to be a close friend of the Governor, having served 15 years in the state senate. We made the trip in April 1969.

All of us were tremendously impressed with the Sara Lee plant and its people and they seemed impressed with us, and with the Governor and his attitude toward industry. They were vitally concerned about the Iowa tax climate and a restrictive 3% tax on new construction which had been enacted by the Iowa legislature the year before. The Governor had advocated its repeal and was successful later that spring in getting it repealed. We knew many other communities were trying to entice Sara Lee, so we offered to provide free the 40 acreas of land they felt they needed. We had only 30 cents in our corporation treasury at the time, but felt we could raise the necessary money.

Negotiations continued through the summer and we heard little until late August when the president called to tell us his negotiating team would be out in five days to get our answers to many important questions and to receive our complete proposal. The Iowa Development Commission immediately sent an expert to New Hampton. He spent three days helping us put our firm offer in brochure form.

We met for an evening and a day at a motel in a neighboring city. With us were our mayor, our city attorney, and representatives of the municipal light plant, the gas company, the telephone company, the two railroads that serve our city, and the area vocational college. Sara Lee brought an attorney. After the meeting we all drove back home to look over the site we had suggested and had mapped out in our brochure. By then they had decided they needed 80 acres and we offered to give them additional land. For a variety of reasons, they objected to our site when they saw it, so we showed them an anternate location we felt we could acquire.

It was two months later when they called and said they would meet us the next day in another city for final negotiations. At this meeting they had a proposed written agreement on which we negotiated. After many changes, agreement was reached on basic points. But they then told us the only site they would consider, if they decided on New Hampton, was our alternate one. All the time they made clear they were also dealing with two cities in other states.

We returned home with much additional work to be done and new information to secure. My assignment was to get options from nine different local parties. They were signed within a week and delivered to Deerfield. The others on our team were busy with their delegated responsibilities. After much further negotiating, we received a call a month later saying Sara Lee was ready to accept our proposal and would locate here if we could make good on our many promises.

When we told them for the first time about having only 30 cents on hand, they gave us the go-ahead to try and raise the money. This meant finally letting the community know of our negotiations. It took us three days to plan our fund drive. A special committee of 20, with three co-chairmen, was organized. Quotas were set. It was decided to solicit only in New Hampton and not in the surrounding towns. A goal of $150,00 was established.

Our drive was set for Monday morning. On Sunday afternoon we had representatives of local service clubs call and invite business and professional people and their spouses to a series of six meetings at the community room of the First National Bank here. Prospects were told just enough about the meeting to whet their appetites. I spent 40 minutes at each of the meetings explaining the entire history of the negotiations (we had been able to keep it all secret with amazing success), what Sara Lee's coming would mean to New Hampton and all northeast Iowa, how much money we had to raise, and why.

The solicitors for each group were present at the meeting; some contacted their prospects as they left the meeting. Others were contacted at their offices and stores. Previously our team and a few others we felt would be generous givers had made pledges. The two banks—First National Bank in New Hampton and Security State Bank—with combined assets of about $13,000,000, pledged a total of $35,000. We told the prospects we had to have cash and not promises but agreed, for tax advantages, to take their contributions in two checks; one dated that day in Septmeber 1969, and the other dated Jan. 2, 1970. The banks offered to take notes at 6% for a two-year period from all reliable contributors.

Within 12 hours after the first meeting, we had reached our goal; after 36 hours we had $280,00 raised. We were able to exercise our options, set aside $35,00 for future activities of our industrial corporation, and still refund 40% of each person's contribution!

A week later the Sara Lee officials came out for a gala announcement ceremony in our local high school auditorium. Construction was started Oct. 1, 1970. There are 160 workers employed on the construction project and 500 will be working by this summer.

BIG MORALE BUILDER

Not only was it a great economic achievement for the community, but it has been a tremendous morale builder and solidifier. Had we not had perfect cooperation from everyone involved, had not each public official been enthusiastically helpful, we would have failed. Teamwork was imperative; fortunately, we had it.

We are now developing a 50-acre industrial park and have several prospects for other industries. The future is bright. The community is proud of itself and most appreciative of the role the banks played. We feel our experience is an example of what is required if rural areas are going to be successful in attracting industry. We found that areas like ours have what industry wants, but that it takes tremendous planning and selling effort.

One of the most rewarding results is that Sara Lee officials seem even happier with their decision than we. We are convinced that in the years immediately ahead it is only logical that successful industries like Sara Lee will be looking at and locating in communities like ours throughout rural America. And there is no better person to take the initiative in his local community than the country banker. Don't hide your talents—you've got what industry wants—sell yourselves!

Exhibit IV

PROBLEMS RELATING TO AGRICULTURE IN IOWA

1. Low-income Farmers

Low farm prices or unfavorable crop yields can produce income problems even on adequately capitalized, well-managed farms. However, many Iowa farmers face perpetual low income because of too little land, too little capital and too little management ability. A farm that is too small, in terms of volume of sales, does not provide the potential for an adequate income. Low income does not permit saving to adequately equip and operate a farm unit or finance expansion. Low education and/or lack of managerial ability does not permit borrowing for expansion.

Farm record summaries indicate that the income and financial position of many Iowa farmers is strong. However, the same records also reveal lower labor and capital returns on some farms than the potential for this labor and capital in other uses. The issue facing the state and nation is (1) how to identify and assist those low-income farmers who have the potential for success in farming to achieve this goal, and (2) to identify those who appear to have greater opportunity in other sectors of the economy and assist them to leave farming.

2. High Capital Requirements in Farming

Increasing machinery costs, rising land values, and the large sales required for full-time employment have caused a rapid rise in the amount of capital required per farm worker. The ability to control the necessary $150,000–$450,000 may not always rest with those men with the most interest or ability for success in farming. The risk assumed by individual farmers is large when operator labor is a small part of total costs. The income potential may be higher on a large commercial farm, but the potential cash loss from unfavorable weather, prices or yields is also large. Those who do not have both ability and capital will have to accept relatively low income levels in farming. Those who lack capital but have ability may be unable to accumulate capital fast enough in one lifetime to reach an economical size.

3. The Cost-price Squeeze

The capacity of United States agriculture to produce more food and fiber than domestic and foreign markets can buy has kept downward pressure on the prices of many farm products. At the same time, per unit costs of many farm inputs have trended steadily higher. This has forced individual farmers to search out and adopt newer and more efficient methods of production in order to keep production costs per unit of output as low as possible. There is also pressure to increase the size of operating units in order to make more effective use of labor-saving machinery and equipment. This need for greater productive efficiency in agriculture seems certain to continue in the years ahead. It will be especially critical for smaller farm operations where the margin between prices and costs are narrowest. Continued effort will be needed to help the public and farmers understand this process and to adjust policies and farming operations to effectively meet these changes.

4. Farm Labor Supply

Obtaining the services of competent farm workers is increasingly difficult in Iowa. Farm work has low status and long hours. The availability of good off-farm employment has made farm hands scarce. Farm wage rates in many cases are not competitive with other employment alternatives when the working conditions, job security and fringe benefits are considered.

Farm work is by its nature seasonal—high in spring and fall and lower in summer and winter. Farmers cannot offer full-time employment in all cases. Part-time or seasonal workers are especially difficult to obtain. With larger machines and expensive livestock, highly skilled workers are needed.

5. Pollution Problems

Pollution of water, air and soil is a problem of growing concern in Iowa. Agricultural production is one possible contributor to this problem. Animal wastes and crop chemicals are large potential sources of surface pollution of water and soil. Concentrated feedlot waste is potentially a major source of surface water pollution. This problem may become severe as more large-scale hog production and cattle feeding facilities develop and as confinement feeding of livestock increases.

Sedimentation of lakes, ponds and waterways from soil eroded from cultivated fields is another source of pollution. Herbicide and pesticide residues can contaminate soil, surface water and ground water.

Appropriate policies and measures to obtain the desired level of pollution control will require considerable research and discussion during the next few years. The entire Iowa public has an interest in protecting or improving the quality of natural resources. Farmers have an added interest in that they may be restricted or forced to incur added costs by pollution control.

6. *Production Control and Price Support Policies*

While the present Act has liberalized the farm program, there is still the potential for surplus grain production resulting in depressed grain prices.

7. *International Trade Policy*

A strong wave of international trade protectionism has developed in Iowa and throughout the country during the past 2 years. This is related in part to more restrictive policies in some instances by the European Economic Community, by disappointment in some quarters with the outcome of the Kennedy Round of GATT (General Agreement on Tariffs and Trade) negotiations, and larger imports of certain products. Inflation in the U.S. has raised the price of our goods internationally and reduced the relative price of imports to the U.S.

In agriculture, much of the concern has centered on meat imports, especially beef. Present meat import legislation, passed in 1964, provides for imposition of import quotas if imports in a calendar year are estimated to exceed an adjusted historical share of the U.S. market. Some livestock groups are urging a more restrictive meat import law. Exports of feed grain, wheat and soybeans are much larger than meat imports. Since a restrictive trade policy for particular commodities brings retaliation in other dimensions of trade and international policy, the issue is important. This issue will require extensive and informed discussion and study.

FUTURE PROSPECTS FOR IOWA'S AGRICULTURE

Recent declines in employment in agriculture in Iowa are expected to continue. The number of farms will drop further, and average farm size will increase as additional farm labor is replaced by capital investment in machinery and equipment. Total output of Iowa's agriculture is likely to trend upward during the next few years. However, the amount of gain will be influenced by the kind and specific form of agricultural policies in force during the period ahead. For example, Iowa crop production would likely increase more if land retirement and production control programs were concentrated on land of relatively low productivity; or if food aid programs were substantially expanded. On the other hand, policies of land retirement at uniform rates among states would likely mean a smaller gain in Iowa production of crops.

Iowa is expected to retain its dominant position in the production of hogs and grain-fed cattle. However, such states as Nebraska and Texas will probably move closer to Iowa in cattle feeding. Iowa is also expected to continue as one of the top two states in corn and soybean production. Iowa's production of milk and eggs will continue to make a sizable contribution to national totals. But the relative importance of these products in Iowa agriculture may decline further.

Income opportunities from farming in Iowa are expected to be favorable for large-volume operators with a high level of management ability. Adequate capital, sufficient volume and good management will keep production costs relatively low. Income potential will continue low on small-volume, poorly managed farm units. The net income gap and the difference in return per unit of resources between poorly managed and well-managed farms will likely widen.

Iowa agriculture will continue to make a major contribution to the Iowa economy and the nation's food supply. The direct value added through agricultural production will trend upward. The value added through the manufacturing, transportation and trade sectors which are related to raw materials to or from agriculture will continue to gain as farm output grows.

In relative terms, however, the agricultural sector of the Iowa economy will contribute less in percentage to the future gross state product than it has in the past. Future growth in value added by manufacturing, trade and other nonfarm sectors of the Iowa economy may be more rapid than growth in total income from agriculture. This will mean a further decline in the proportions of employment, personal income and gross state product in the agricultural sector.

Senator HUMPHREY. We have Mr. Gus Hahn with us, Iowa Employment Security Office, to talk to us a little bit about the wage situation, manpower training, and employment in Iowa.

We appreicate your patience. We are not too bad off considering how long we have been going.

Go right ahead. If there is any way you can summarize your statement or if you do not feel the necessity for reading the entire statement, do as you see fit.

STATEMENT OF D. W. "GUS" HAHN, MANAGER, SIOUX CITY OFFICE, IOWA STATE EMPLOYMENT SERVICE, IOWA EMPLOYMENT SECURITY COMMISSION, SIOUX CITY, IOWA

Mr. HAHN. I will cut this down to about 5 minutes.

Senator HUMPHREY. You can take more time than that.

Mr. HAHN. I know you are running behind.

It is not too late to reverse the trend of continuing urbanization. More job openings must be made available to the rural area. We must find new ways to enable industry to make informed decisions concerning the wide range of available locations. Businessmen can now choose from over 5,000 communities in the 2,500 to 50,000 population bracket.

Of course, if we went lower than that, there are many more.

Problems requiring Federal resources, to slow down and perhaps reverse the trends that damage both urban and rural areas are:

(*a*) Provide financial incentives to encourage employers to expand to the rural areas.

(*b*) Prevent traffic unbalance to compensate transportation carriers for higher costs of operations in the rural area, through Federal subsidies.

(*c*) Allow employers to use the existing on-the-job training program to train new employees, by removing the disadvantaged criteria for selection.

(*d*) Develop a system to increase the understanding of those environmental characteristics which are distinctive of a smaller town or community.

In other words, the executive might live closer to this work—because of this he would have more time with his family, more time to be involved in community affairs and considerably more leisure time. I think some publicity could be given to this.

The outmigration from the agricultural segment of the rural area is caused by larger farms, mechanical feeding, new and larger equipment with less persons required to do the same job. Again I say if the smaller community is to survive, there must be jobs in those communities or the residents will leave. Outmigration from 1960 to 1970 in Woodbury County totaled 4.4 percent. Monona County, just south of Woodbury County, experienced a loss of 13.3 percent.

Senator HUMPHREY. Do you think some of this outmigration went into the Woodbury County?

Mr. HAHN. It did. I think some might have migrated to Omaha, or to either coast.

Senator HUMPHREY. Nobody has told us about the inmigration. For example, I know a lot of people migrate out of the State of Minnesota. We have had similar discussions as we have had here today. But I never get an evaluation of how many people come from some place into our State to replace those who go out. Do you have any——

Mr. HAHN. No. I do not. The only thing I have is, of course, population. We have a population of around 86,000.

Senator HUMPHREY. Just the overall population statistics?

Mr. HAHN. Yes.

Then I can go on, on the other side of the coin. Sioux County gained 6.1 percent, Plymouth County just north of us here has a plus 1.7 percent. Dakota County across the river experienced an increase of 8.9 and all because of new manufacturing employment.

Talking about our problems here in the midwest, Sioux City is fourth in Iowa, according to 1970 population figures, and using the most recent (1969) Annual Average for Manufacturing Population, ranks seventh in total manufacturing. I am not going to read the figures but to give you an idea, Cedar Rapids is the largest within Iowa, 27,970, and of course Sioux City has 9,300. This was back in the average for 1969.

Our last figures which will be March, our total manufacturing employment was 10 percent less than this. So we are running about average there.

In nearby Sioux Falls, S. Dak., they are smaller than Sioux City—they have 6,030 engaged in all forms of manufacturing while Omaha, Nebr., has over 37,000 employed in this industrial group.

Let's go even further and not discuss Iowa cities, but Iowa counties. For resource I would like to use counties in northwest Iowa and compare their employment with the figures I have just mentioned. Monona County has 274 employers—16 constructions firms, nine manufacturing establishments, employing 66 people, 116 retail firms, 21 in transportation and public utilities, 33 engaged in wholesale trade, 16 firms working with insurance, finance, and real estate, and 63 in the service industries.

Take the combined total of all manufacturing for the other six counties by this office and its totals 3,171 employees. So you see western Iowa needs more manufacturing if we are to reverse the trend of outmigration. New manufacturing and new industry is the key.

I am going to skip from page 3 and not talk about the civilian work force, I will go on over to page 5 and talk a little bit about the employment mix, using March 1971 figures. The Sioux City area shows a total employment of 47,190. Of that, 17.4 percent are involved in retail trade; then comes service at 15.4 percent. Nondurable manufacturing, 13.2 percent; durable manufacturing, 6.5 percent; wholesale trade, 6.7 percent; and construction at 3.5 percent.

We are also working with the underprivileged applicants. Most of these I will not read.

Again I will skip to page 6.

Of the 624 persons considered ED, 43.5 percent of them are disadvantaged. A further breakdown of the characteristics of the ED may provide the reasons why these individuals have difficulty obtaining suitable employment.

The barriers show age, that is too young, 18.1 percent; age, too old, 5.6 percent; lacks education, skills or experience, 77.1 percent; health problems, 17.1 percent; personal problems, 13.9 percent;

transportation, 4.3 percent; child care problem, 5.9 percent; care of other family member, 0.3 percent; and other barrier, 17.6 percent.

My office is involved in working very closely with a six-county rural area. We have a rural manpower program where we have designated 56 volunteer representatives and 16 rural manpower representatives. The 16 are in key areas and contacted on a regular schedule at a definite day and hour. The only difference between the volunteer representatives and the rural manpower representatives is the frequency of contacts—once a month for all volunteer representatives and twice a month for the other 16. In addition, these rural points are advised of job openings, throughout the area and Sioux City proper by a job news bulletin. This goes out twice a week. Applicant job development profiles are published and mailed to potential employers and rural manpower representatives, at periodic intervals.

This agency has the ability to recruit not only the disadvantaged and the hard core; but, if a new firm was interested in a particular community, new employees would present no problem. With ag-adjustment (meaning agricultural-adjustment), there is still an untapped labor supply in this area.

We also have a cooperative agreement in five communities where we cooperate with the CAP organization in operating a small employment service; these are run on a daily basis.

In 1963 the Armour plant closed in Sioux City and approximately 1,100 persons were without employment. This office became immediately involved in the placement and retraining of these individuals. In fact, former Secretary of Labor George Schultz and his first assistant, Arnold Weber, have written a book entitled "The Strategy of the Displaced Worker," regarding this very situation.

We were faced at that time with a retraining problem and we retrained approximately 500 for new positions new work. At the present time the Manpower Development Training Act has been changed. I believe our biggest problem is that we have only 45 currently enrolled here at Western Iowa Tech, and that represents only 15 percent of the total persons in this area needing retraining for new jobs.

I want to go on.

Iowa has an excellent smaller community program where manpower studies are conducted by a special staff to evaluate the potentials of its smaller communities. This recent small community study has not been made available for the public although it is being printed. But I have four copies for you gentlemen, and I would like to talk about the highlights of this local manpower study.

What we are doing is going out to these communities and giving them a tool to help find new industry and I have included completed county, manpower studies in the packet that I am leaving for your gentlemen.

Only July 23, 1970, manpower survey packets were mailed to 44,153 residents of the Siouxland metropolitan planning area which includes Union County, S. Dak.; Dakota County, Nebr.; and Woodbury County, Iowa. Response from the mailout totaled

14,878 people. This response represents 11.8 percent of the total Siouxland population of 125,832 and 26.4 percent of the Siouxland area labor force.

AVAILABLE WORKERS

Of the 14,878 respondents, 4,424 indicated interest in employment in a new industry. This figure represents 29.7 percent of the total response.

After screening we have dropped that down to 3,447. This figure represents 7 percent of the total Siouxland area labor force.

WORK EXPERIENCE

Of these respondents interested in industrial employment, 3,320 men and women have backgrounds in other than farming occupations. The largest occupational background reported was clerical and sales which included 1,217 people. Of the women who responded, sizable groups had service, benchwork and processing backgrounds. A total of 96 women had experience in professional, technical, and managerial occupations.

AGE OF RESPONDENTS

Fifty-two percent, or 1,795 of those people interested in new job opportunities are between the ages of 16 and 35.

EDUCATION LEVEL

Of the 3,447 residents interested in new employment, 2,603 or 76 percent have a high school education or better.

Senator **HUMPHREY**. That is rather a high level of education.

Mr. **HAHN**. Yes, it is.

Now, the annual average of unemployment rate for Sioux City for 1970 is 3.6 percent which was higher than the 2.7 percent for 1969. At the present time I am not going to read these figures but they are all here. Our present total is 4.8 percent. And——

Senator **HUMPHREY**. It has gone up from 2.7 to 3.6 to 4.8?

Mr. **HAHN**. Right. Currently there are 2,360 persons considered unemployed in the Sioux City standard metropolitan statistical area, which includes Dakota County, Nebr.

The 12-month average unemployment rate for this area totaled 3.2 percent. To break these figures down by counties, Woodbury County, 3.3 percent; Cherokee County, 2.7 percent; Ida County, 3.5 percent; Lyon County, 3.6 percent; Monona County, 3.3 percent; Plymouth County, 3.1 percent; and Sioux County, 2.8 percent.

In order to determine underemployment in this area, I went to the active applications and counted the part-time file. This number does not include students interested in summer employment.

All this includes people who have jobs and are looking for other jobs for a little moonlighting, and the total in Sioux City came to 433—199 in the professional and clerical section, 76 in service, and 158 in other. So this is the only way I can determine how many are underemployed.

To compare wages with other Iowa communities, I would like to use the "Hours and Earnings for Total Manufacturing," February 1971. This reports shows, in chronological order, Davenport paying the highest weekly wage of $165.68, Dubuque was second with $163.61, Waterloo, third with $161.99, Des Moines next with $161.54, then Cedar Rapids paying $157.53, and last was Sioux City with $146.08. This same trend carries over into the nonmanufacturing segment with a starting wage of $1.60 an hour not uncommon.

A wage survey conducted in April 1971 by the Sioux City office of the Iowa State Employment Service encompassed 600 employers. This survey reported only entry wages paid by the employers to beginning full-time employees. Both large and small firms were reported. This survey is attached to this compendium. Time does not permit the discussion of this survey.

As far as the future is concerned, total nonagricultural employment will increase in the next 3 to 6 months. This is usually the trend during the beginning months of the year. Seasonal additions by construction, wholesale and retail trade, transportation, and service businesses are indicated in the nonmanufacturing portion of the labor market. Manufacturing concerns indicate definite rises in the durable goods sector and a decrease in the food processing sector. The main increase will come from machinery—including electrical—in durable goods and a drop on the part of meatpacking—nondurable goods.

The economy in this area does not seem to be improving very fast and it is doubtful that normal levels of employment and unemployment will be reached this year.

Unemployment should remain at a higher level throughout 1971; however, economic conditions should return slowly to normal during the last part of 1971.

Gentlemen, thank you very much. That is the end of my statement.

Senator HUMPHREY. Do you find an increase in demand for employees in what we might call out-State, away from the larger cities, or do you find no particular increase or demand?

Mr. HAHN. I would say the demand would be in the larger cities.

Senator HUMPHREY. What about in the smaller communities? You heard Mr. Wymer's testimony here, new plants and branches, and so forth?

Mr. HAHN. The only one that is close, that I am very familiar with this, is up at Sibley which is out of my area. But we do work closely in fact with five communities where there is a CAP agency and as far as new employment is concerned, they are getting only eight or nine or 10.

Senator HUMPHREY. Eight or nine or ten what?

Mr. HAHN. Persons getting new jobs each month. I would say hiring is quite negligible in the rural area.

Senator HUMPHREY. No particularly new demand for workers?

Mr. HAHN. No. This is why I feel if they are going to survive out there we are going to have to find more jobs for these people.

Senator HUMPHREY. How does this testimony add up with what we heard here just a while ago about the number of new plants that are going into certain parts of your State, by total new industries, 304. Of course, this is 1960 to 1970, a 10-year period. What you are saying, in other words, to the subcommittee is that this time there does not seem to be any new demand for workers?

Mr. Hahn. Well, as far as the new demand, there is a demand for Sioux City. We want new firms in our——

Senator Humphrey. I am talking outside of Sioux City.

Mr. Hahn. To my knowledge, no, sir.

Senator Humphrey. Your office takes care of employment requests for the rural communities?

Mr. Hahn. Yes; through the rural manpower service.

Senator Humphrey. Is there any possibility that people do not, are not accustomed to using the rural manpower service and therefore you have no way of really measuring new demand?

Mr. Hahn. Well, this is how we do it. We go out and set up volunteer people in the communities, well-known persons. We give them publicity. This could be a place that might sell feed or grain or a farm orientated business. Another thing that we do do, we go out to the schools and find out the names of the students interested in summer employment and we give these names and telephone numbers to this gentleman. So if for example, anyone out there might be interested in a worker, the volunteer has the names and he can call them for the job. So this is another rural service.

Senator Humphrey. You work with the National Alliance of Businessmen, NAP organizations?

Mr. Hahn. Yes. This started only in September. At the present time in our seven-county area—I am just guessing—but I think we have approximately 18 different persons involved in the OJT section and I think we have three employers that have actually signed NABS contracts. One in Sioux Center, one at St. Joe Mercy Hospital, and there is one other one I believe.

Senator Humphrey. You recommended that the on-the-job training program be changed under the JOBS program, from the disadvantaged to just retraining of any and all workers?

Mr. Hahn. I mean out in the rural areas because the disadvantaged are a little harder to come by and, of course, the present criteria say 50 percent have to be disadvantaged.

Senator Humphrey. In order to qualify for the supplemental payments?

Mr. Hahn. Right, but I am suggesting, in the rural area they do not use this criteria to attract new business.

Senator Humphrey. Yes. I wanted to mention that. This is a point that I have had brought to my attention elsewhere. Under the present program, and since 1967, the JOBS program, which provides training grants or training assistance, means that a private industry that takes on workers for the purpose of on-the-job training, in order to qualify for the supplements or the assistance, must have 50 percent of his total trainees being disadvantaged. This means, out in the countryside where you may not have people that are so classified——

Mr. Hahn. This presents a problem.

Senator **HUMPHREY** (continuing). Or whatever the reason may be, the program just does not extend to that. When you say job training you mean on-the-job training programs.

Mr. **HAHN**. Right.

Senator **HUMPHREY**. I think again we are seeing the necessity of having some variables in these standards. You cannot apply the same standards to Minneapolis, Minn., that you apply to Windom, Minn., or the same standards to Davenport that you apply to some small community out here in the State of Iowa, a town of 2,500 people.

Senator Miller?

Senator **MILLER**. Mr. Hahn, you said that you expect a drop in meatpacking employment?

Mr. **HAHN**. Yes.

Mr. **MILLER**. This has already happened. We are already involved in that problem right now. There has been a layoff already in meatpacking; IBP employment has dropped and we also have some more that dropped. I suppose the demand for the product has dicated that.

Senator **BELLMON**. May I answer the question.

It is because they are moving to the high plains, Oklahoma.

Senator **MILLER**. Well, is this a seasonal drop?

Mr. **HAHN**. Well, it has not happened before. It has been—meatpacking, in the last few years, been fairly constant as far as employment is concerned. In fact, IBP is a fairly new employer and, of course, the labor demand was high and they were hiring constantly until recently. All of a sudden now they are reversing this.

Senator **MILLER**. Have they given you a reason for it?

Mr. **HAHN**. Well, I think what they gave the paper would be the fact of less demand for a certain product. Until they need more, they are not going to process it.

Senator **MILLER**. Less demand for the product would account for layoffs, but I cannot understand why there would be less demand.

Mr. **LARRY SHARP** (KMNS News). Senator, this particular instance indicates that——

Senator **HUMPHREY**. Your name, please.

Mr. **SHARP**. Larry Sharp, KMNS News. The reason IBP gave was that this is in their new section of the plant which involves breaking down the meat in cutup sections and mailing it in boxes rather than halves and quarters. It is a fairly new process in which they set up a new plant and so far the demand has not been able to meet their processing capabilities. They shut it down for a week and now it is back up to normal. The question is, How long will they be able to sustain this demand?

Senator **MILLER**. I see at the top of page 12, "Currently there are 2,360 persons considered unemployed in the Sioux City standard metropolitan statistical area."

Have you analyzed who those 2,360 are so we would know how many of them are heads of families and how many are the second or third wage earners in a family?

Mr. **HAHN**. No; I haven't, sir.

Senator **MILLER**. You do not have any idea?

Mr. **Hahn**. I do not have that information. Our information is derived from your unemployment statistics, the number of people drawing unemployment claims, the number of people on a continuous claims basis. I can tell you the number of people I have in my active file which would not encompass all of these, and that is 2,120 persons as of this morning. Of those I have 1,377 males, 743 females, 662 veterans, and of the total 371 have some type of handicap. But other than that I could not tell you whether they are heads of the house.

Senator **Miller**. Do you know what kind of an increase you have had with respect to veterans in the last 12 months?

Mr. **Hahn**. No. I know that we jumped the gun and as of January we started putting on quite a campaign here on hiring the returning veterans. At that time we had about 587 veterans in our file and we have used all kinds of marquees, television publicity, radio, et cetera, and we are still getting more and more back and we have now 662. So the unemployed veterans problem is still going higher.

Of course, we are placing them as far as we can.

Senator **Miller**. What is the education or apprenticeship level of those 633?

Mr. **Hahn**. You mean the veterans?

Mr. **Miller**. Yes.

Mr. **Hahn**. I would say as far as their age is concerned, and so far as their ability, they would be ideal for any type of apprenticeship.

Senator **Miller**. Yes; but I am wondering how many of those have had apprenticeship training or what level of education, if they have been beyond high school. The reason I ask this question is because I am wondering, in your interviews with them, is there any counseling about going on and taking some apprenticeship training or technical training or education under the GI bill of rights?

Mr. **Hahn**. This is the first thing we do, any returning veteran, one of the first things we want them to do is get them to go to one of our counselors. I have three in my office. This is the first thing we do try to do, get them to a counselor.

We have been very successful so far but like I say, the vets keep snowballing and with the economy like it is, we could use a few more jobs.

Senator **Miller**. Thank you.

Senator **Humphrey**. Senator Bellmon?

Senator **Bellmon**. No questions.

Senator **Allen**. Mr. Hahn, I believe you said the Sioux City unemployment rate was around 4.8 percent?

Mr. **Hahn**. At the present time.

Senator **Allen**. It is a little bit below the national average?

Mr. **Hahn**. Right.

Senator **Allen**. Do you have a breakdown as to what the percentages in the towns as opposed to the strictly rural areas?

Mr. **Hahn**. You mean what——

Senator **Allen**. Is unemployment higher in the urban areas?

Mr. **Hahn**. It is higher in the urban areas.

Senator ALLEN. Than in the rural?

Mr. HAHN. For example, in Cherokee County which is not very far from here, it is 2.7 percent. Ida——

Senator ALLEN. That would be rural?

Mr. HAHN. Yes, they are—all except Woodbury—Monona, 3.3, Ida——

Senator HUMPHREY. How do you account for those? Are the unemployed already moved out of the area or do they find something to occupy themselves that would keep them from classify themselves as unemployed?

Mr. HAHN. As far as statistics in the rural area—thats another problem. The only way we can come up with statistics—we do not have rural bench marks, so we use, as base, the number of people filing unemployment claims. Of course this method is a changeable thing. In other words, a person could be laid off and in 3 weeks, with an attachment to the labor market, be called back to work. This is what is happening out there in the smaller communities and makes unemployment rates hard to predict.

I know that there are very few pople in the summertime looking for employment in the smaller communities. If they are looking for a job and cannot find one, then they could leave.

Senator ALLEN. On the manpower training, is it necessary that they have some likelihood of obtaining employment in the area in which they are receiving training in order to comply with the requirements?

Mr. HAHN. Well, of course, you see, this is the first thing that we do. When we put anybody in, we will research these occupations before enrollment in. But again now we are talking about your disadvantaged. According to manpower training requirements 65 percent must be disadvantaged, you see.

Senator ALLEN. Yes, what I am talking about, if someone comes in, wants to get training as a steel worker and there is no steel mill within a hundred miles——

Mr. HAHN. Then we would not train them.

Senator ALLEN. It would have to be something that there would be some reasonable likelihood that they might become employed in the immediate area?

Mr. HAHN. True. When MDT first started back in 1963 this was very successful. In fact, we were running about 77 percent success rate. But these were people that were retrainable, but now when we are working with the disadvantaged, success rate is lower now. In fact, when you are working with the real hard core, another problem, is your dropout rate, and that training is very difficult for some of these people to grasp.

Senator ALLEN. Is this training given by local employees?

Mr. HAHN. This institutional training—this is institutional training through schools like Western Iowa Tech or Northwestern Iowa Tech.

Senator ALLEN. What would determine the length of time for the training?

Mr. HAHN. The school decides this. Some go 24 weeks, some 16 weeks, depending on what they are learning.

Senator Allen. What sort of trade school program does Iowa have? How many trade schools are there in the State?

Mr. Hahn. Iowa has 16 area schools and out here in our communities we have two schools. We have one at Sheldon and one here in Sioux City. They are both very good. These are vocational schools where they are actually teaching all kinds of machine trades, the old standbys, welding mechanics, this kind of thing.

Senator Allen. But the employees do not get the manpower training there in trade school courses, do they?

Mr. Hahn. Some of them do, yes, sir. For example, all we have now in Sioux City are 45. I say that was about 15 percent of the people that have come to us and said we need training to get jobs. We need the training but we haven't got the Federal money.

Senator Allen. Is the manpower training program working in your judgment? Is it justified?

Mr. Hahn. I think it is a fine piece of legislation. In fact, in 1963 when I became involved with this plant closing, two other cities—in the United States also had Armour plants closed and they did not have the Manpower Development Training Act and had problem—I did and I did beautifully because of MDTA. Had I not had it I probably would have been in trouble, too. But it came out very very fine.

If it is going to succeed with the disadvantaged we are going to have to have more money—in order to keep the cost down, we are doing what we call slotting to these vocational schools. We buy a slot for $200, $300. If we do not have enough money to buy slots we say, I am sorry, we do not have the slots and the person does not get trained and remains unemployed.

Senator Humphrey. Senator Miller?

Senator Miller. I want to come back to the veterans, some 633. How many of those are from Sioux City and how many from what you might call the purely rural areas around Sioux City?

Mr. Hahn. I would say probably 80 percent are from Sioux City.

Senator Miller. Are these Vietnam war veterans?

Mr. Hahn. Many of them are, yes.

Senator Miller. You say you counsel them?

Mr. Hahn. I don't counsel them, there is counseling available.

Senator Miller. Your shop does. And does this mean there are 600 to 666 who have been counseled to go ahead and take apprenticeship training or go to a technical school or go on for more education and decided not to do so?

Mr. Hahn. Most of these people have decided what to do and they are in the process of completing plans. Most of the schooling will not start until September.

Senator Miller. They do not have a summer program for vocational or trade schools?

Mr. Hahn. Not to my knowledge. They might have some remedial training but to my knowledge, the next course will start next September.

Senator Humphrey. It is kind of hard to tell a man to stay unemployed.

Mr. Hahn. That is a problem. Say, I just got out of service and I want to go to Iowa University. With the labor market like it is, I went out to an employer and said, "look, I would like to work for you until September" and he said, "let me talk to somebody who wants to work for me full time." So this could be a problem finding a short-time job.

Senator MILLER. You made inquiries with the community college about a summer program?

Mr. HAHN. No, sir, I have not.

Senator MILLER. I would certainly think it would be indicated.

Mr. HAHN. If we are going to do a summer program, then we would almost have to have, say, 15 who wanted to all enroll into welding, or 20 that wanted to go into draftsman or 20 that wanted to take a TV course or something like that.

Senator HUMPHREY. I think what Senator Miller is getting at is as you counsel people and as you determine their job or training preferences, you could put together, let us say, 12 people that wanted to go to welding, that you could go to a technical institute or to an on-the-job training program and say, look, here we have got 12 people that want to take advantage of this program?

Mr. HAHN. We are doing this. In fact, in a few days I am meeting with the technical school on our work incentive program. We are also involved in working with ADC mothers and trying to retrain them to become self-supporting. We are involved now with the school not operable this summer as far as these new enrollees. We are talking about a pre-business, pre-work orientation, something like that to start these people soon. Otherwise we are going to have to wait till September.

Senator HUMPHREY. Thank you very much. We appreciate your information. All the testimony will be included in the record.

Mr. HAHN. Thank you, sir.

(The prepared statement of Mr. Hahn is as follows:)

It is not too late to reverse the trend of continuing urbanization. More job openings must be made available to the rural area. We must find new ways to enable industry to make informed decisions concerning the wide range of available locations. Businessmen can now choose from over 5,000 communities in the 2,500–50,000 population bracket.

Problems requiring federal resources, to slow down and perhaps reverse the trends that damage both urban and rural areas are:

(*a*) Provide financial incentives to encourage employers to expand to the rural areas.

(*b*) Prevent traffic unbalance to compensate transportation carriers for higher costs of operations in the rural area, through federal subsidies.

(*c*) Allow employers to use the existing on-the-job training program to train new employees, by removing the disadvantaged criteria for selection.

(*d*) develop a system to increase the understanding of those environmental characteristics which are distinctive of a smaller town or community.

In other words, the executive might live closer to his work—because of this he would have more time with his family, more time to be involved in community affairs and considerably more leisure time.

The out-migration from the agricultural segment of the rural area is caused by larger farms, mechanical feeding, new and larger equipment with less persons required to do the same job. Again I say if the smaller community is to survive, there must be jobs in those communities or the residents will leave. Out-migration from 1960 to 1970 in Woodbury County totaled 4.4 percent. Monona County, just south of Woodbury County, experienced a loss of 13.3 percent. Lyon County, at the northwest tip of Iowa, lost 7.8 percent; Ida County, 10.5 percent and Cherokee County, 7.1 percent. On the other side of the coin, Sioux County gained 6.1 percent. Plymouth County showed a plus 1.7 percent and Dakota County, Nebraska experienced an increase of 8.9 percent—all because of new manufacturing employment.

Sioux City is fourth in Iowa according to 1970 population figures, and using the most recent (1969) Annual Average for Manufacturing Population, ranks seventh in total manufacturing. I would like to read the figures for manufacturing in the 12 largest Iowa cities:

Cedar Rapids	27, 970	Sioux City	9, 300
Des Moines	26, 400	Ottumwa	5, 110
Waterloo	19, 500	Muscatine	5, 070
Dubuque	13, 750	Fort Dodge	4, 860
Burlington	12, 910	Mason City	4, 090
Davenport	11, 850	Keokuk	3, 670

In nearby Sioux Falls, South Dakota—they have 6,030 engaged in all forms of manufacturing while Omaha, Nebraska has over 37,000 employed in this industrial group.

Let's go even further and not discuss Iowa cities, but Iowa counties. For resource I would like to use counties in Northwest Iowa and compare their employment with the figures I have just mentioned. Monona County has 274 employers—16 construction firms, 9 manufacturing establishments, employing 66 people, 116 retail firms, 21 in transportation and public utilities, 33 engaged in wholesale trade, 16 firms working with insurance, finance and real estate, and 63 in the service industries. Lyon County has 13 in manufacturing with a total of 119 workers. Ida County has 14 firms engaged in manufacturing with 327 employees. Cherokee has 18 different manufacturers and Plymouth County has 20. The combined employment total of all manufacturing for the other six counties served by my office totals 3,171 employees. So, Western Iowa needs more manufacturing employment if we are to reverse the trend of out-migration. New manufacturing is the key.

There are several variables which may affect the level of the civilian workforce in Sioux City, although not all of them may be present at the same time. At specific times of the year, the movement of people in and out of the workforce due to seasonal or other factors will change the level. The most prominent movements take place in the spring when farming and construction start up; in June, when high school and college students enter the workforce; in August and September when the students leave their summer jobs to return to school; and during Thanksgiving and Christmas holiday seasons when retailers employ extra help.

The civilian workforce includes: (1) Nonagricultural wage earners; (2) Nonagricultural self-employed, unpaid family and domestic workers; and (3) Farm workers, hired and self-employed. The Sioux City workforce varies from approximately 50,000 to 53,500 workers with the 1970 average manpower level at 510,360.

Employment varied from 48,600 to 50,700 in the Sioux City area during 1970. The 1970 annual average employment level was 49.500. During the last quarter of 1970 and the first quarter of 1971, employment has declined to 47.190 in March from 50.290 in October.

This low level of employment is due to reductions in both the manufacturing and nonmanufacturing industries as a result of various governmental anti-inflationary policies, reduced consumer spending and increased personal savings.

In manufacturing, employment was at a much lower level than in the previous year in March. Layoffs have been occurring in these industries in both the durable and nondurable segments. Machinery (including electrical) is 520 below its level the previous year. Food and kindred is also below normal.

Nonmanufacturing trades and businesses are slightly below normal, but are in the process of recovering. Construction is below levels of the previous year, as are transportation, service, and agriculture.

Generally the economic atmosphere is shakey with the feeling that the economy could go either way.

Manufacturing has had layoffs starting in October, 1970 continuing until March, 1971 with no relief in sight. Nonmanufacturing made a very slight recovery in March with the outlook possibly a little cheerier than in previous months.

Using March, 1971 figures, the Sioux City area shows a total employment of 47,190. Of that, 17.4 percent are involved in retail trade; then comes service at 15.4 percent. Nondurable manufacturing, 13.2 percent; durable manufacturing, 6.5 percent; wholesale trade, 6.7 percent and construction at 3.5 percent.

A special effort is made to identify underprivileged applicants. These applicants frequently have difficulty obtaining employment because of their low level of skills, education, and job knowledge along with many personal problems and undesirable traits.

The person who needs some sort of employability development assistance in order to obtain suitable employment is labeled an "ED" by the Employment Service and special efforts are made to help this individual become job ready. Services such as counseling, testing for aptitudes, manpower training programs, special placement services including job development, are all utilized in order to help this individual reach a level where he may be considered job ready.

The ED is usually a person with one of the following characteristics: unemployed or underemployed, school dropouts, underage or too old, member of a minority group, or handicapped. If they have one of the above characteristics and fall within a certain income level, they are also considered disadvantaged.

A disadvantaged person may be a person drawing social security and trying to get a job to defray some inflationary expenses, or may be a high school dropout needing a job to help out at home, an unwed mother seeking employment to keep away from the welfare roll, or even a handicapped person needing a chance to prove himself. Not all the disadvantaged are hard core unemployed as some might imagine.

Of the 624 persons considered ED, 43.5 percent of them are disadvantaged. A further breakdown of the characteristics of the ED may provide the reasons why these individuals have difficulty obtaining suitable employment.

The following is a list of barriers that these persons have:

	Percent
Age—too young	18. 1
Age—too old	5. 6
Lacks education, skills, or experience	77. 1
Health problems	17. 1
Personal problems	13. 9
Transportation	4. 3
Child care problem	5. 9
Care of other family member	0. 3
Other barrier	17. 6

My office is involved in working very closely with a 6-county rural area. We have a rural manpower program where we have designated 56 Volunteer Representatives and 16 Rural Manpower Representatives.

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The 16 are in key areas and contacted on a regular schedule at a definite day and hour. The only difference between the Volunteer Representatives and the Rural Manpower Representatives is the frequency of contacts—once a month for all Volunteer Representatives and twice a month for the other 16. In addition, these rural points are advised of job openings throughout the area and Sioux City proper by a Job News bulletin. Applicant job development profiles are published and mailed to potential employers and Rural Manpower Representatives, at periodic intervals. This agency has the ability to recruit not only the disadvantaged and the hard core; but, if a new firm was interested in a particular community, new employees would present no problem. With ag-adjustment there is still an untapped labor supply in this area.

We also have a cooperative agreement in five communities where we cooperate with the CAP organization in operating a small employment service; these are on a daily basis.

In 1963 the Armour Plant closed in Sioux City and approximately 1100 persons were without employment. This office became immediately involved in the placement and retraining of these individuals. In fact, former Secretary of Labor George Schultz and his first assistant Arnold Weber have written a book entitled "The Strategy of the Displaced Worker" regarding this very situation. At that time, we became very closely involved with manpower training, and in less than a year had 16 ongoing institutional programs operational, from meat cutter trainees to TV repairmen. This was very successful—MDTA did what it was supposed to do—retain workers. This is a wonderful piece of legislation—if more funds were available to train persons needing it. Now, because of limited federal funds, Iowa has had to reduce their manpower training to slot-ins to various vocational schools such as Western Iowa Tech. At the present time, we have 45 currently enrolled in Sioux City. This means that approximately 15 percent of those applicants registering with us for training and who need training to become employable, are receiving it.

Iowa has an excellent smaller community program where manpower studies are conducted by a special staff to evaluate the potentials of its smaller communities.

The Manpower Study for Woodbury County has not been released but is in the process of being printed. The local committee included representatives from the Siouxland Interstate Metropolitan Planning Council, A.S.C. and Extension Service, Sioux City Chamber of Commerce, South Sioux City Development Corporation, Industrial Development Corporation of Sioux City, Woodbury County Labor Council, Ministerial Council and commercial clubs from the three-state area.

Here are the highlights of the Siouxland Manpower Study:

Community Response.—On July 23, 1970, manpower survey packets were mailed to 44,153 residents of the Siouxland Metropolitan Planning Area which includes Union County, South Dakota; Dakota County, Nebraska; and Woodbury County, Iowa. Response from the mail-out totaled 14.878 people. This response represents 11.8 percent of the total Siouxland population of 125,832 and 26.4 percent of the Siouxland area labor force.

Available Workers.—Of the 14,878 respondents, 4,424 indicated interest in employment in a new industry. This figure represents 29.7 percent of the total response. Careful screening of the questionnaires removed those repondents considered "set" in their jobs, high acreage farmers, or students not actually entering the labor market; the number of available workers was reduced to 3,447. This figure represents 7 percent of the total Siouxland area labor force.

Work Experience.—Of these respondents interested in industrial employment, 3,320 men and women have backgrounds in other than farming occupations. The largest occupational background reported was clerical and sales which included 1,217 people. Of the women who responded, sizeable groups had service, benchwork and processing backgrounds. A total of 96 women had experience in professional technical and managerial occupations.

Age of Respondents.—Fifty-two percent, or 1,795 of those people interested in new job opportunities are between the ages of 16 and 35.

Educational Level.—Of the 3,447 residents interested in new employment, 2,603 or 76 percent have a high school education or better.

The Sioux City economic situation has followed national trends and unemployment has increased to levels much higher than in the past few years. Trends seem to be towards improving conditions and the lower levels of previous years should be reached sometime in 1972.

The annual average unemployment rate for 1970 was 3.6 percent which was higher than the 2.7 percent for 1969. The average national rate was 3.5 for 1969 and 4.9 for 1970. The average number of unemployed increased from 1,360 in 1969 to 1840 in 1970.

Unemployment began its rise at the end of 1969 and continued to rise to 5.3 percent of the workforce in June 1970. This rate is the largest since February 1964, when the unemployment level reached 5.3 percent, too. Then unemployment began to decrease and has continued to do so from 3.7 percent in July to 3.3 percent in December for an annual average of 3.6 percent in 1970. January and February started 1971 with rates of 4.4 percent and continued up to 4.8 percent in March.

The reason that unemployment rose so high is the result of seasonal job seekers entering the labor market along with continued decline in employment.

Persons not at work because they are directly involved in a labor-management dispute, on sick leave, on paid vacation, on unpaid vacation, are counted as unemployed only if they were actively seeking other work. Persons who were laid off as an indirect result of a labor-management dispute would be considered unemployed.

UNEMPLOYMENT: SIOUX CITY, IOWA

	1969	1970	1971
January	3.0	3.4	4.4
February	3.0	3.3	4.4
March	3.1	3.6	4.8
April	2.8	4.4	
May	2.4	4.3	
June	3.3	5.3	
July	2.8	3.7	
August	2.5	3.5	
September	2.4	2.0	
October	2.0	2.4	
November	2.4	2.9	
December	2.5	3.3	
Annual average	2.7	3.6	

Currently there are 2,360 persons considered unemployed in the Sioux City Standard Metropolitan Statistical Area.

The 12-month average unemployment rate for this area totaled 3.2 percent. To break these figures down by counties: Woodbury County, 3.3 percent; Cherokee County, 2.7 percent; Ida County, 3.5 percent; Lyon County, 3.6 percent; Monona County, 3.3 percent; Plymouth County, 3.1 percent; and Sioux County, 2.8 percent.

In order to determine under-employment in this area, I went to the active applications and counted the part-time file. This number does not include students interested in summer employment. Total: 433—199 in Professional and Clerical; 76 in Service; 158 Other. These were people wanting additional money to supplement their present wage.

To compare wages with other Iowa communities, I would like to use the "Hours and Earnings for Total Manufacturing", February, 1971. This report shows, in chronological order, Davenport paying the highest weekly wage of $165.68, Dubuque was second with $163.61, Waterloo, third with $161.99, Des Moines next with $161.54, then Cedar Rapids paying $157.53 and last was Sioux City with $146.08. This same trend carries over into the nonmanufacturing segment with a starting wage of $1.60 an hour not uncommon.

A wage survey conducted in April, 1971 by the Sioux City office of the Iowa State Employment Service encompassed 600 employers. This survey reported only entry wages paid by the employers to beginning full time employees. Both large and small firms were reported. This survey is attached to this compendium. Time does not permit the discussion of this survey.

Total nonagricultural employment will increase in the next three to six months. This is usually the trend during the beginning months of the year. Seasonal additions by construction, wholesale and retail trade, transportation, and service businesses are indicated in the nonmanufacturing portion of the labor market. Manufacturing concerns indicate definite rises in the durable goods sector and a decrease in the food processing sector. The main increase will come from machinery (including electrical) in durable goods and a drop on the part of meat packing (nondurable goods).

The economy in this area does not seem to be improving very fast and it is doubtful that normal levels of employment and unemployment will be reached this year.

Unemployment should remain at a higher level throughout 1971; however, economic conditions should return slowly to normal during the last part of 1971.

(The survey referred to above is as follows:)

WAGE SURVEY—APRIL 1971—SIOUX CITY METROPOLITAN AREA

The following survey is based on job orders placed by 600 employers with the Sioux City office of the Iowa State Employment Service. The survey represents only entry wages paid by employers to beginning full time employees. Wage rates paid by employers subject to labor management negotiations are included to a limited extent. Both large and small firms are represented. Salaries are rounded to the nearest multiple of 5.

PROFESSIONAL, TECHNICAL, & MANAGERIAL, 000–199

Accountant, $520–1000/mo.
Accountant, Tax; $1.60–2.50/hr.
Announcer, Radio & TV, 100/wk.
Assessor, $525/mo.
Auditor, $600/mo.
Building Inspector, $525–560/mo.
Catalouger, $720–870/mo.
Catalouer, $720–870/mo.
Chemist, $500–825/mo.
Claims Taker, Unemployment Benefits, $3.00/hr.
Community Organization Worker, $1.50/hr.
Computer Programmer, Business; $665–835/mo.
Continuity Writer, $1.60/hr.
Construction Inspector, $550/mo.
Copywriter, $1.60–1.75/hr.
Cost Accountant, $580–750/mo.
Counselor, $640–860/mo.
Dental Assistant, $250–275/mo.
Dietician, Therapeutic; $550/mo.
Director, Student Affairs, $520–670/mo.
Draftsman, Architectural, $555–750/mo.
Draftsman, Electrical, $450/mo.
Draftsman, Mechanical, $2.10–2.50/hr.
Electrical Engineer, $700–750/mo.
Electrical Inspector, $600–725/mo.
Food and Drug Inspector, $3.15/hr.
Forester, $620–800/mo.
Housemother, $125–205/mo.
Inhalation Therapist, $300–365/mo.
Interviewer, Employment, $550–700/mo.
Labor Economist, 610/mo.
Librarian, Reference, $280–650/mo.
Licensed Practical Nurse, $385–425/mo.
Log Buyer, $125/wk.
Manager, Advertising; $650–800/mo.
Manager, Credit & Collection, $400–500/mo.
Manager, Office; $500–870/mo.
Manager, Parts; $110–150/wk.
Manager, Restaurant or Coffee Shop, $100–170/wk.
Manager, Retail Food, $2.50/hr.
Manager, Sales, $125/wk.
Manager, Store, $325–850/mo.
Manager, Theatre, $1.60–2.60/hr.
Manager Trainee $435–1000/mo.
Mechanical Engineer, $700/mo.
Medical Assistant, $325/mo.
Medical Technologist, $400–450/mo.
Musician, Instrument, $4.00/hr.
News Analyst, Broadcast, $140/wk.
Nurse Staff, Occupational, $400–580/mo.
Pharmacy Helper, $300/mo.
Program Director, Scouting, $380-670/mo.
Public Relations Man, $115–160/wk.
Purchasing Agent, $500–600/mo.
Rodman, $1.75–3.15/hr.
Social Group Worker, $1.60/hr.
Surgical Technician, $1.60–1.85/hr.
Surveyor, $750/mo.
Teacher, Commercial, $550–550/mo.
Time Study Engineer, $500–600/mo.
Tool Designer, $800–1000/mo.
Traffic Engineer, $12,400–15,000/yr.

CLERICAL, 200–249

Accounting Clerk, $300–350/mo.
Accounts Receivable Clerk, $280–350/mo.
Audit Clerk, $70–80/wk.
Billing Clerk, $310–375/mo.
Billing Machine Oper., $1.60/hr.
Bill of Lading Clerk, $1.60–1.85/hr.
Bookkeeper, $300–550/mo.
Bookkeeping Machine Oper., $1.60–2.50/hr.
Calculating Machine Oper. $1.60–2.25/hr
Cashier, $1.60–2.15/hr.
Claims Adjuster, 500–600/mo.
Claims Clerk, 300–320/mo.
Clerk, General, $280—375/mo.
Clerk, General Office, $280–480/mo.
Clerk-Typist, $285–380/mo.
Collection Clerk, $1.70–2.00/hr.
Contract Clerk, $75/wk.
Cost Clerk, $280–435/mo.
Credit Reporter, $1.65–2.75/hr.
Desk Clerk, $1.40/hr.
Digital Computer Operator, $425–450/mo.
File Clerk, $275–300/mo.
Film Library Clerk, $250–290/mo.
Food Checker, $1.45–1.65/hr.
Food Tabulator, Cafeteria, $1.65/hr.
Grain Sampler, $2.20–2.50/hr.
Hospital Admitting Clerk, $1.80/hr.
Hotel (Motel) Clerk, $1.60–2.00/hr.
Information Clerk, $275–310/mo.
Insurance Collector, $450–550/mo.
Inventory Clerk, $1.60–2.25/hr.
Investigator, $450–500/mo.
Invoice Clerk, $1.60/hr.
Kardex Clerk, $1.60–2.25/hr.
Key Punch Operator, $310–360/mo.
Laboratory Helper, $1.60/hr.
Legal Secretary, $300–425/mo.
Library Assistant, $255/mo.
Linen Room Attendant, $1.60/hr.
Mail Carrier, $1.75–1.90/hr.
Mail Clerk, $330–440/mo.
Manifest Clerk, $1.80/hr.
Material Clerk, $345–425/mo.
Medical Secretary, $285–340/mo.
Messenger, $60–80/wk.
Messenger, Bank, $380–300/mo.

Meter Reader, $1.95–2.50/hr.
Offset-Duplicating Machine Operator, $300–425/mo.
Order Clerk, $280–360/mo.
Parts Clerk, $1.70–2.50/hr.
Payroll Clerk, $2.00–2.25/hr.
Posting Clerk, $300–350/mo.
Posting Machine Operator, $1.60–1.90/hr.
Price Clerk, $1.75–1.85/hr.
Procurement Clerk, $350/mo.
Receiving Clerk, $115/wk.
Receptionist, $220–350/mo.
Room Clerk, $1.50–1.60/hr.
Scaler, $1.05–1.15/hr.
Secretary, $300–530/mo.
Service Clerk, $480–585/mo.
Shipping Clerk, $65–100/wk.
Shipping and Receiving Clerk, $1.60–2.65/hr.
Sorter, $100–125/wk.
Statement Clerk, $450–500/mo.
Statistical Clerk, $325–380/mo.
Stenographer, $300–400/mo.
Stock Clerk, $1.60–3.10/hr.
Survey Worker, $1.60–2.50/hr.
Tabulating Machine Oper., $70–75/wk.
Telegraphic-Typewriter Operator, $300–325/mo.
Telephone Operator, $255–350/mo.
Teller, $280–400/mo.
Ticket Seller, $1.00/hr.
Timekeeper, $2.75–3.00/hr.
Traffic Clerk, $350/mo.
Transcribing Machine Operator, $280–345/mo.
Typesetter Perforator Operator, $85/wk.
Typist, $1.60–2.70/hr.
Ward Clerk, $165–1.80/hr.

SALES 250–299

Carpet Layer Helper, $1.75–2.00/hr.
Cashier-Checker, $1.60–1.80/hr.
Clothing Inspector, $1.15–1.35/hr.
Delivery Boy, $1.60–2.20/hr.
Display Man, $1.60–1.70/hr.
Drapery Hanger, $1.60/hr.
Grocery Checker, $1.75–2.00/hr.
Groceryman Journeyman, $80–130/wk.
Produce Man, $1.75–2.00/hr.
Sales Attendant, $120/wk.
Sales Clerk, $1.60–1.75/hr.
Sales Closer, $100/wk.
Salesman, Advertising, $75/wk. + comm.
Salesman, Automobile, Commission
Salesman, Automobile Parts, $485–500/mo.
Salesman, Chemicals & Drugs, $325–750/mo.
Salesman, Commercial Feed, $500–600/mo.
Salesman Driver, $85–125/wk. + Commission
Salesman, Farm, Garden Equipment & Supplies, $1.60–2.10/hr.
Salesman, Floor Coverings, $90–100/wk.
Salesman, Food Products, $390–605/mo.
Salesman, General, $350–650/mo.
Salesman, Grain & Feed Products, $400–700/mo.
Salesman, Hardware Supplies, $350/mo.
Salesman, House-to-House, $100–125/wk. (Commission)
Salesman, Insurance, $500–700/mo.
Salesman, Office Machines, $435–670/mo.
Salesman, Paper & Paper Products, $150/wk. and/or Commission
Salesman, Petroleum Prod., $100/wk. + comm.
Salesman, Piano & Organ, 2–8% commission
Salesman, Radio & TV Time, $500–700/mo.
Salesman, Real Estate, Commission
Salesman, Securities, Commission
Salesman, Tobacco Prod. & Smoking, $420–565/mo.
Salesperson, Curtain & Drapery, $1.60/hr.
Salesperson, Fashion Accessories, $65–70/wk.
Salesperson, Food, $1.60–2.95/wk.
Salesperson, Furniture, $85–100/wk. and/or comm.
Salesperson, General, $1.60—2.55/hr.
Salesperson, General Hardware, $1.60–2.30/hr.
Salesperson, Mens & Boys Clothing, $1.60–2.00/hr.
Salesperson, Millinery, $55/wk.
Salesperson, Parts, $70–110/wk.
Salesperson, Photographic Equipment & Supplies, $1.60–1.80/hr.
Salesperson, Shoes, $1.60–2.45/hr.
Salesperson, Sporting Goods, $1.80–2.00/hr.
Salesperson, T.V. & Appliances, $150/wk.
Salesperson, Women's Garments, $1.60–1.85/hr.
Salesperson, Yard Goods, $1.60/hr.
Sales Representative, $375–670/mo.
Telephone Solicitor, $1.50–1.75/hr.

SERVICE 300–399

Assembler, Laundry, $50/wk.
Babysitter, $15–25/wk. or .50/hr.
Baker, $1.50–2.85/hr.
Bartender, $2.25–2.60/hr.
Bellman, $.65–1.00/hr.
Bus Boy, $1.00–1.50/hr.
Chambermaid, $1.00–1.60/hr.
Charwoman, $1.40–1.65/hr.
Chef, $150/wk.
Co-Hostess, $1.45–1.65/hr.
Combination Girl, $1.35/hr.
Concession Attendant, $1.00–1.30/hr.
Cook, $60–120/wk.
Cook, Fry, $1.50–2.25/hr.
Cook Helper, $1.45–1.60/hr.
Cook, Short Order, $1.75–2.50/hr.
Cook, Specialty, $1.40/hr.
Cosmetologist, Commission
Countergirl, $1.25–1.70/hr.
Dayworker, $1.50–2.00/hr.
Dishwasher, Hand, $1.30–1.65/hr.
Dishwasher, Machine, $1.00–1.65/hr.
Dog Catcher, $1.50/hr.
Elevator Operator, $1.30/hr.
Floor Girl, $1.35–1.65/hr.
Floor Waxer, 1.60/hr.
Fountain Man, $1.25–1.50/hr.
Funeral Attendant, $1.00/hr.
Guard, $1.60–2.00/hr.
Hospital Aide, $1.65/hr.
Hostess, $1.50–2.60/hr.
Janitor, $1.70–2.70/hr.
Kennelman, $1.50/hr.
Kitchen Helper, $1.15–1.50/hr.
Laundry Laborer, $1.45–2.10/hr.
Life Guard, $1.60/hr.
Locker-Room Attendant, $1.55–1.60/hr.
Maid, $1.45–1.75/hr.
Maid, Hospital, $1.50–1.70/hr.
Marker, $1.45–1.60/hr.
Matron, $1.75/hr.
Meat Cutter, $2.75–3.60/hr.
Nurse Aid, $1.50–1.90/hr.
Nursemaid, $1.60/hr.
Orderly, $1.60–1.90/hr.
Pantry Girl, $1.45/hr.
Porter, $1.60–2.60/hr.
Presser, Machine, $1.45–1.75/hr.
Salad Girl, $1.35–1.80/hr.
Shirt Finisher, $1.30/hr.
Shirt Presser, $1.45–1.55/hr.
Tray-Line Worker, $1.55–1.70/hr.
Usher, $1.00/hr.
Waitress, $1.00–1.60/hr.
Waitress, Cocktail, $1.25–2.25/hr.
Wallwasher, $1.75–2.00/hr.
Watchman, $1.60–1.80/hr.
Window Cleaner, $1.60–2.50/hr.
Yardman, $1.60–2.50/hr.

AGRICULTURAL, 400–499

Bale Bucker, $1.50–1.60/hr.
Cemetary Worker, $1.50–2.00/hr.
Dayworker, Agriculture, $1.60–2.00/hr.
Detasseler, $1.30–1.35/hr.
Farm Couple, $100–300/mo.
Farm Hand, Animal, $85–100/wk.
Farm Hand, Dairy, $350–500/mo.
Farm Hand, General, $200–500/mo.
Farm Hand, Grain, $1.35–2.00/hr.
Groundman, $1.60/hr.
Groundskeeper, $1.60/hr.
Laborer, Landscape, $1.65–2.00/hr.
Laborer, Nursery, $1.50–1.60/hr.
Landscape Gardener, $2.00/hr.
Livestock Caretaker, Yard-or-Transit, $2.20–2.55/hr.
Nursery Worker, $1.60–2.00/hr.

PROCESSING, 500–599

Baker Apprentice, $1.80–2.50/hr.
Baker Helper, $1.75–2.60/hr.
Candy Maker, $1.60–2.00/hr.
Candy Maker Helper, $1.60–2.00/hr.
Concrete-Vault Maker, $2.00/hr.
Doughnut Machine Oper. $70–120/wk.
Equipment Cleaner, $2.05–2.50/hr.
Extractor Operator, $1.45–2.95/hr.
Foreman, Extraction Mill, $600/mo.
Hide Handler, $2.40–3.50/hr.
Labor, Brick & Tile, $1.70–2.00/hr.
Laborer, Electroplating, $1.60/hr.
Laborer, Slaughter & Meatpacking, $2.70–4.40/hr.
Meat Grinder, $1.95/hr.
Metal Cleaner, Immersion, $1.95–2.15/hr.
Poultry Worker, $1.65–1.85/hr.
Renderman, $2.75–2.90/hr.
Sandblaster-Shotblast-Equipment-Tender, $2.10/hr.
Skinner, $3.80–4.00/hr.
Sorter, Agricultural Product, $1.60–1.75/hr.
Sterilizer, $285/mo.
Tire Molder, $2.50–2.75/hr.
Tire Recapper, $2.00–2.20/hr.
Tray-Casting Machine Operator, $2.00/hr.
Utility Man, $1.85–2.80/hr.
Washer, Machine, $1.50/hr.
Wood Pole Treater, $100/wk.

MACHINE TRADES, 600–699

Assembly Press Oper., $1.90/hr.
Automobile Mechanic, $90–140/wk. + Commission
Automobile Mechanic Apprentice, $1.80–2.80/hr.
Auto Service Mechanic, $80–120/wk.
Bicycle Repairman, $1.60/hr.
Boring-Mill Setup Oper., $2.40–2.55/hr.
Brake Operator, $2.50/hr.
Brakeman, Automobile, $2.00–2.55/hr.
Bus Driver, $2.10–2.45/hr.
Bus Mechanic, $2.60/hr.
Bus Mechanic Helper, $2.15/hr.
Construction-Equipment Mechanic, $3.15/hr.
Construction-Equipment Mechanic Helper, $1.70–3.15/hr.
Cutting Machine Operator, $2.00/hr.
Diesel Mechanic, $2.25–3.25/hr.
Cylinder Press Man, $3.20/hr.
Drill-Press Operator, $2.30–2.45/hr.
Engineering Equipment Mechanic, $3.75/hr.
Engine-Lathe Setup Oper., $2.15–2.45/hr.
Farm Equipment Mechanic, $2.30–2.50/hr.
Farm Machinery Setup Man, $2.35/hr.
Gas Appliance Serviceman, $2.50–3.00/hr.
Grinder Operator, $2.15–2.50/hr.
Inspector, Floor, $2.00–3.00/hr.
Laborer, General, $1.75–2.25/hr.
Lathe Operator, Production, $2.30–2.50/hr.
Machine Assembler, $2.25/hr.
Machine-Shop Foreman, Tool, $2.50/hr.
Machinist, $2.25–2.85/hr.
Maintenance Mechanic, $2.40–4.00/hr.
Mechanic, Industrial Truck, $2.00–2.85/hr.
Metal-Fabricator Apprentice, $4.95/hr.
Millwright, $3.00–4.45/hr.
Music-Box Repairman, $85–100/wk.
Office-Machine Serviceman, $1.70–2.80/hr.
Offset Pressman, $85–100/wk.
Pantograph-Machine Setup Operator $2.30–2.45/hr.
Printing Shop Foreman, $495–595/mo.
Production Foreman, $2.65/hr.
Punch-Press Operator, $2.00–2.50/hr.
Sawmill Worker, $1.75/hr.
Screw Machine Operator, $2.10–2.70/hr.
Setup Man I, $2.50/hr.
Sewing Machine Repairman, $2.00/hr.
Shear Operator, $1.60–2.00/hr.
Tire Buffer, $2.50–2.75/hr.
Tool and Die Maker, $2.50/hr.
Transmission Mechanic, $100/wk.
Truck Mechanic, $2.50–3.00/hr.
Tune-up Man, $75–100/wk.
Turret-Lathe Setup Operator, $2.20–2.70/hr.

BENCHWORK, 700–799

Alteration Tailor, $1.60/hr.
Assembler (electric), $1.80–2.25/hr.
Assembler, Production, $2.00–2.60/hr.
Benchman, $500/mo.
Boxmaker, Paperboard, $2.10–2.25/hr.
Boxmaker, Wood, $2.50/hr.
Box-Spring Maker, $1.60/hr.
Coil Winder, $1.80/hr.
Dental Laboratory Technician, $1.60–1.90/hr.
Drapery Operator, $1.35–1.60/hr.
Electric Motor Repairman, $1.85–3.00/hr.
Electric Tool Repairman, $1.70/hr.
Fish Lure Assembler, $1.60/hr.
Furniture Upholsterer Apprentice, $1.60/hr.
Grinder-Chipper, $2.00/hr.
Inspector, Motors & Generators, $2.30–2.55/hr.
Lens Grinder, $1.60–2.50/hr.
Lens-Coating Inspector, $1.75–2.50/hr.
Matress Maker, $1.80/hr.
Mattress-Spring Encaser, $1.75–1.80/hr.
Painter, Brush, $2.00/hr.
Painter Helper, Spray, $1.60/hr.
Painter Spray, $2.00–2.80/hr.
Radio Repairman, $100/wk.
Seamstress, $1.50–1.75/hr.
Sewing-Machine Operator, $1.45–1.60/hr.
Spreader, $2.20/hr.
T.V. Service & Repairman, $2.50/hr.
Tire Mounter, $1.80–2.50/hr.
Upholsterer, $2.00–2.25/hr.
Upholsterer Helper, $1.60/hr.
Vacuum Cleaner Repairman, $1.60/hr.
Watchmaker, $90–100/wk.

STRUCTURAL WORK, 800–899

Antenna Installer, $2.25/hr.
Assembler, Auto, $1.85–2.15/hr.
Assembler, Metal Buildings, $2.00–2.50/hr.
Assembler, Production Line, $1.70/hr.
Automobile Body Repairman, $2.00–2.50/hr.
Awning Hanger, $1.60–1.75/hr.
Body Wireman, $1.75/hr.
Bulldozer Operator, $2.50–3.50/hr.
Carpenter, $2.50–4.00/hr.
Carpenter Apprentice, $2.00–3.00/hr.
Carpenter, Finish, $2.50/hr.
Carpenter, Rough, $2.00/3.50/hr.

Cement Mason, $2.00–3.00/hr.
Cement Mason Helper, $2.00/hr.
Central Office Installer, $2.25/hr.
Construction Worker, $1.75–4.40/hr.
Crusher Operator, $2.50/hr.
Electrical Appliance Serviceman, $125/wk.
Electrical Repairman, $2.50–4.00/hr.
Electrician, $3.00–3.25/hr.
Electrician Apprentice, $2.50–2.75/hr.
Fence Erector, $2.00–2.50/hr.
Flame Cutter, Hand, $2.00/hr.
Foreman, Mobile Homes, 8,000–10,000/yr.
Foreman, Truck-Trailer Assembly, $150–175/wk.
Form Builder, $2.00–3.30/hr.
Framer, $2.40–2.50/hr.
Glass Installer, $85–125/wk.
Insulation Worker, $2.00/hr.
Kettleman, $2.00/hr.
Laborer, Carpentry, $1.75–2.50/hr.
Laborer, Construction, $2.00–3.00/hr.
Laborer, Road, $2.20–2.40/hr.
Lather, $4.30/hr.
Lather Apprentice, $2.25/hr.
Maintenance Foreman, $670–1000/mo.
Maintenance Man, Building, $2.00–2.90/hr.
Maintenance Man, Factory or Mill, $2.90–3.30/hr.
Metal-Fabricating Shop Helper, $2.25/hr.
Mobile Home Repairman, $1.85–2.50/hr.
Mortor Mixer, $3.00/hr.
Muffler Installer, $80–90/wk.
Painter, $1.60–2.50/hr.
Painter Apprentice, $2.75/hr.
Painter Helper, $1.60–2.50/hr.
Painter, Rough, $2.00/hr.
Pipe-Layer Helper, $2.50/hr.
Plasterer Helper, $1.60–$2.75/hr.
Plumber Helper, $2.00/hr.
Power-Shovel Operator, $2.00/hr.
Roofer, $3.10–4.70/hr.
Roofer Helper, $2.25–2.75/hr.
Scraper Operator, $2.50/hr.
Sewer-Pipe Cleaner, $2.50/hr.
Sheet Metal Worker Helper, $1.60–2.00/hr.
Sign Erector, $2.00–2.50/hr.
Sider, $1.60/hr.
Soft-Water Serviceman, $80/wk.
Structural Steel Worker, $2.80–3.50/hr.
Tile-Setter Helper, $2.50/hr.
Trackman, $2.90/hr.
Traffic-Signal Repairman, $460/mo.
Trailer Assembler, $1.70–2.40/hr.
Welder, Arc, $2.10–4.00/hr.
Welder, Combination, $2.25–2.50/hr.
Welder, Gas Shielded Arc, $1.80–2.70/hr.
Well-Digger Helper, $1.50–2.20/hr.
Wrecker, $1.75–2.00/hr.

MISCELLANEOUS OCCUPATIONS, 900–999

Ambulance Driver, $80/wk.
Auto Service Station Attendant, $70–100/wk.
Bagger, $1.60/hr.
Baling Machine Oper., $1.60–2.45/hr.
Bundler, $2.10–2.25/hr.
Bus Driver, $98–175/wk.
Car Cleaner, $1.60–2.15/hr.
Car Rental Clerk, $1.60/hr.
Chauffeur, $1.60/hr.
Circus Worker, $1.25–1.60/hr.
Concrete-Mixing-Truck Driver, $2.35–3.20/hr.
Deliveryman, $1.60/hr.
Dispatcher, Motor Vehicle, $433–760/mo.
Dump Operator, $2.15–2.80/hr.
Electric Bridge-Or-Gantry-Crane Operator, $2.50/hr.
Elevator Oper., Freight, $1.60/hr.
Film Viewer, $280–350/mo.
Food Service Driver, $2.55/hr.
Fork Lift Truck Operator, $2.00–2.40/hr.
Furniture Mover, $1.60–2.50/hr.
Grain Elevator Man, $2.00/hr.
Laborer, Stores, $1.60–3.95/hr.
Lineman, $1.70–2.00/hr.
Lubrication Man, $70–120/wk.
Marker, $2.00/hr.
Material Handler, $1.60–3.00/hr.
Order Filler, $1.95–2.10/hr.
Packager, Hand, $1.60–2.35/hr.
Packager, Machine, $2.00–2.16/hr.
Parking Lot Attendant, $1.25–1.65/hr.
Porter, Used Car Lot, $75/wk.
Radio Technician, $550–760/mo.
School Bus Driver, $250–300/mo.
Service Parts Driver, $100/mo.
Stationary Engineer, $370–610/mo.
Stock Boy, $1.90/hr.
Substation Oper. Apprentice, $1.97/hr.
Taxi Driver, Percentage
Tire Repairman, $1.65–2.50/hr.
Tractor Operator, $360–450/mo.
Tractor-Trailer Truck Driver, $2.00–3.70/hr.
Tree-Trimmer, Groundman, $2.35–2.80/hr.
Truck Driver, Heavy, $1.90–3.30/hr.
Truck Driver Helper, $1.75–2.50/hr.
Truck Driver, Light, $1.80–2.50/hr.
Video Operator, $100/wk.
Warehouse Foreman, $90–100/wk.
Warehouseman, $2.50–3.00/hr.
Water Treatment Plant Oper., $2.70–2.95/hr.
Weigher, $2.40–2.50/hr.
Yard Clerk, $3.25/hr.
Yardman, $1.60–2.55/hr.

Senator **Humphrey**. I also have the testimony that has been submitted by Mr. Ralph Fitzgerald, Cresco, Iowa. He is in the audience here on behalf of the Upper Explorerland R.C. & D. project, and I am going to ask that it be included in the record as a part of today's testimony.

(The statement is as follows:)

STATEMENT OF RALPH FITZGERALD, CHAIRMAN, UPPER EXPLORERLAND R. C. & D. COMMITTEE, CRESCO, IOWA

We are here in behalf of the proposed Upper Explorerland RC&D project, with the goal of rural development in this five (5) county northeast Iowa area. We represent 70,045 rural and 25,627 urban people located in more than 2 million acres.

An examination of a report by the Cooperative Extension Service of Iowa State University, using the 1969 Iowa Income Tax returns and the U.S. Department of Labor Income Criteria as a source, we find:

(a) That 15.3% of Iowa farm population are economically disadvantaged. This is the state average.

(b) That our five counties however range from a low of 19.8% to a high of 33.8%. This is well above the state average.

We feel that your goal for rural development can be accelerated most readily by making long-term low-interest financing available in two areas; namely, land improvement and agriculture oriented industrial expansion. The term, land improvement, will mean tiling, terracing and pasture improvement on land suitable for agricultural use, without disturbing the wildlife habitat so necessary in our area to realize it's full recreational potential. As an example, one of our counties, Howard, has approximately 70,000 acres of some of the world's most productive soil, with drainage so inadequate that it cannot consistantly produce a profitable crop· A corn yield study, conducted in Howard County by Dr. Lloyd Duminel of Iowa State University, shows that on his test plots, the *average* corn yield has gone from 47 bu. per acre in 1964 to a 1970 yield of 128 bu. per acre. It is true that improved seed, increased use of fertilizer, etc. contribute to this yield increase but the main reason is earlier planting, made possible by proper drainage, which in turn allows the ground to be prepared at an earlier date. This increase in yield will bring more income to the farmer resulting in a return to the government via taxes paid. Why does this condition exist? Is the Howard County farmer that backward? Not at all. When the bulk of Iowa farm land was tiled, it was hand dug to a depth of two (2) feet and was cost shared by the Federal agencies. The type of soil in northeast Iowa did not lend itself to the two (2) foot depth placement—it was simply not effective. With the advent of machine dug tiling at the four (4) foot level it became feasible, but caught between the rising cost of tiling and the lack of sufficient cost-sharing money at the federal level, he was left in a limbo. Today, $200.00 per acre tiling costs plus low farm prices and the high money market is not an encouraging prospect to the small family farmer. Today's lending practices are so restrictive that it threatens to eliminate the family farm. Only the well-to-do farmer can afford to use present means.

We therefore urge the following steps be taken:

1. A source of long-term, low-interest loans be made available for land improvement. This should be in a sufficient amount that the objective can be reached. The Farmers Home Administration has such a plan now, but it is so restrictive and limited in funds that it has been no benefit to community development.

2. Possibly a more practical approach would be enabling legislation that would allow the forming of a local Land Improvement Cooperatice patterned after the R.E.A. Such a plan would keep administrative costs at a minimum and allow the most direct benefit for each dollar spent. The established rate of 2% interest would also be reasonable for this project.

Of almost equal importance in the realm of rural development would be similar type loans to local non-profit civic development groups to be used for establishing industrial sites. These funds would be used to build railroad sidings, roads, water extensions, etc., items that cannot readily be charged in a lease purchase agreement, but can be repaid by the group if they operate the industrial site as a business. Community money is being raised to aid in obtaining industry and such means as revenue bonds and local bank financing is being used for industrial building. These are limited to the degree that there is more industry available than local financing can accommodate. Selected industry broadens the tax base which in turn means more money to operate local government.

We were pleased to see legislation being introduced by Representative John Culver of the Second District of Iowa in this field. We urge every consideration be given this bill and prompt action taken.

You might say that the Small Business Administration can do this funding, but it too suffers from the same restrictions as the F.H.A. Complicated forms, red tape, delays, make this too complex to be used by small rural communities. We feel that these loans should be made to an industrial group rather than individuals, because these groups are formed from community leaders, people that have an investment in the community and will, by their continued interest, make it a good loan for the Government agency.

The Upper Explorerland RC&D committee is not asking for a welfare program even though our proposed project can do much to prevent additions to the welfare roles. We are proposing a rural development project under existing agencies, preferably a pilot project, but under expanded conditions which will result in community development beyond the ability of the local people working alone. The greatest tool that can be provided for this area is long term loans.

Is this area worthy of your special attention? We believe it is. The community will provide the initiative and the natural resources, all we need is the use of additional capital.

Senator HUMPHREY. Our final witness in this rather long day, but I hope fruitful and helpful day, is Mr. Herbert W. Pike of Monona County, a farmer from Whiting, Iowa, who has consented to come and talk to us about a problem partially within our jurisdiction, namely, financing rural development.

I should say to you, Mr. Pike, that I am privileged to be a cosponsor of a Senate bill S. 1483, to amend the laws governing the farm credit system. Also under title IX of the Agricultural Act of 1970, the President is required to report on possible use of Farm Credit Administration to finance the total credit needs of rural America and that report is due on September 1. All of these reports will come to our subcommittee and all of them will be carefully evaluated, we hope, within the limits of our ability, and we are going to study them in light of what we learn in the field as well as what we think are the needs of the country.

We welcome you and thank you for your patience in waiting so long for us.

STATEMENT OF HERBERT W. PIKE, WHITING, IOWA

Mr. PIKE. Thank you. Senator Humphrey, gentlemen of the committee. I understand that Senator Allen and Senator Bellmon are also cosponsors of Senator Talmadge's bill.

Gentlemen, it is a pleasure to have you here in Siouxland for a "show-and-tell time" on rural development. I think it is fitting that a taxpayer should have the last word.

Senator HUMPHREY. Pardon me. May I interrupt. We are all taxpayers. That is no longer any unique qualification.

Mr. PIKE. That is my primary occupation.

This morning you had a look at Plymouth County with its good livestock farmers, to the north of Sioux City, and with our backward weather you probably had a chance to help get the ice out of the hog troughs.

I farm in Monona County, south of Sioux City. The west half of Monona County is in the Missouri River Valley. The east half of the county was formed about 12,000 years ago when silt blew out of the valley and formed the river bluffs and that deep loess soil. It must have been some duststorm. That was before the antipollution laws and effective erosion control.

I have been invited to appear before your committee to discuss rural agricultural credit, a field in which I have had some experience. Prior to World War II, I was a farm manager and land appraiser for an insurance company. Since returning from military service in 1946, I have operated a large grain-livestock farm in the Missouri River Valley near Whiting, 30 miles south of Sioux City.

I am a borrower-member of the Sioux City Federal Land Bank Association, serve on its board of directors, and represent the stockholders of the Omaha Farm Credit District on the Federal Land Bank Association's national advisory committee.

Fortunately, interest rates have settled back to more reasonable levels in the last 6 months. Eight percent money was especially hard on the Federal land banks because they were committed to borrowers on long-term loans at much lower rates, some as low as 4 percent.

We know now it was a mistake to guarantee the interest rate to borrowers for long periods of time in the face of uncertain money markets. The new loans have a flexible rate which varies with the cost of money to the bank.

Worse than high interest rates would have been the continued scarcity of loanable funds we experienced in 1966. This was due to an attempt to dampen the inflationary demand for money and hold interest rates in line by rationing funds.

As you know, Farm Credit legislation has recently been introduced in both the Senate and the House. This proposed legislation is designed to modernize the Farm Credit System to enable it better to serve farmers and ranchers and meet their changing needs.

There are two items in the bill which are closely related to rural development and are a departure from Farm Credit's policy of serving only farmers and their cooperatives. The first is a proposal that the Federal land bank be allowed to finance nonfarm rural homes, homes outside of incorporated towns, and not part of a farm unit. This will fill a need for middle-income rural residents because the principal lender in this field, the Farmers Home Administration, must restrict its loans to low-income borrowers.

The second departure is the proposal to finance persons providing farm-related services—custom services such as combining, aerial spraying, and other highly specialized farm operations. We are in effect, asking that these people be classified as farmers though they may not have crops or land of their own.

Much of the proposed legislation now before Congress is an outgrowth of the year's work of the Commission on Agricultural Credit whose report was issued in March 1970. This 27-man Commission, appointed by the Federal Farm Credit Board for the purpose of recommending changes in the Farm Credit System, was about equally divided between people identified with Farm Credit and agricultural leaders outside the system. I served on the Commission because I was then chairman of the Federal Land Bank Association's national advisory committee.

In a section of the report entitled "Serving Rural America," the Commission had this to say:

> During its study of agricultural credit needs the Commission also took stock of the opportunity for the Farm Credit System to serve nonfarm rural residents and the rural community . . . Should this credit institution be used to help meet future capital needs of rural America as well as American agriculture?
>
> The problems of financing rural America are real and of great magnitude. Communities have, and will continue to have, difficulties in financing such crucial projects as water systems, facilities for waste disposal, recreational facilities, and similar projects for improved rural living. There is special need for credit for nonfarm rural housing. . . .
>
> The Commission would hope that the Farm Credit System might assist, for example, for financing nonfarm rural homes, rural community needs, and rural cooperative utility systems. Although the Commission does not include in this report specific recommendations on how to achieve such services, it does urge that the System consider how and when such services might be initiated.

In considering any proposals that Farm Credit expand outside its traditional role of serving just agriculture, one must bear in mind that it appears there will be a greatly increased need for strictly agricultural credit. In 1970 farmers owed a total of $55 billion in both mortgage and short-term debt, $15 billion of which was supplied by the Farm Credit banks. It is estimated that total credit needs of agriculture could more than double by 1980, that would be over $110 billion.

I might add that those members of the Commission who were closely identified with Farm Credit, those who had been instrumental in paying off the Government capital from a peak of $638 million, and seeing the Farm Credit bank become wholly farmer owned, were much less enthusiastic about getting into these nonagricultural loans than some of the outsiders on the Commission.

A report of the President's Task Force on Rural Development entitled "A New Life for the Country," the little green book—came out just a few days before the Commission on Agricultural Credit met to consider the final draft of its report. While the task force report included a chapter on financing rural development and specifically recommended creation of a rural development credit bank within the Farm Credit System, it was too late for the Commission to give this idea amplication in its report.

Such a bank designed to finance rural community needs might be set up under the supervision of the Farm Credit Administration and be parallel in structure to the existing Federal land banks, Federal intermediate credit banks, and banks for co-operatives. Government capital would be needed at the outset, but the bank might in time be borrower owned and the same as the farmer banks. Additional Government financing could also be provided by expanding the activities of the Farmers Home Administration.

There is a precedent for the Farm Credit Administration in the supervision of the lending of Government funds. During the depression years, second-mortgage Commissioner loans from Government-supplied capital were coupled with first mortgage Federal land bank loans to aid in refinancing many farms in financial trouble.

Incidentally, the Federal land banks now have a working agreement with the Farmers Home Administration whereby Federal land bank makes the first mortgage loan and Farmers Home Administration the second mortgage loan, thereby extending Farmers Home Administration's limited appropriated Government funds to serve more borrowers.

The proposed legislation also seeks to provide a way in which rural banks with small loan limits can handle the overage on large loans through the Production Credit Associations, rather than city correspondent banks. Many city bankers now have high urban priorities for their funds and are no longer eager to get involved in agricultural loans.

There is general agreement, I believe, that many rural communities are in trouble, and that lack of credit is one of the reasons. Private investors tend to channel their funds into areas of high volume and low risk. Homes in the open country and in small towns have less zoning protection, have fewer public services, and are less readily saleable because of the smaller numbers of people.

Probably the credit risk is greater in financing rural housing and community improvement projects than in either urban housing or agricultural loans. I would expect that government will either have to supply a good share of these funds or at least underwrite the risk.

If credit is not available to replace homes and expand business in rural areas, these communities will degenerate into areas of people too old or too poor to move. Landowners who are concerned about recruiting capable young farmers and farmers who would like to see their own sons come back to the farm, should realize that the quality of life in the local community will have a bearing on where these young people decide to locate.

We have always had migration from rural areas and some adverse selection in that the people who could get an education tended to leave the farm and not come back. This is not all bad. It keeps farms from being subdivided every generation and provides better opportunities for those who stay.

The average farm operator today is over 50 years of age. Inability to retire, or unwillingness to retire, on the part of older farmers makes it harder for young farmers to get started.

Nationally, we may still have too many people on farms. But in Iowa, I think, we are at the point where both the quantity and the quality of farm operator replacements is cause for concern. So far, those eager to farm more land have offset dwindling numbers.

If our most capable young people leave the farm for what they think is a better opportunity elsewhere, then we will have adverse selection and fewer capable people left in agriculture. No farmer stays in the hog business long if he sends his best gilts to market.

In our county, a few capable young couples are migrating back to the family farm. Some give as their reason that the increasing hassle and pressure of city living is just not worth it. My wife and I decided that 25 years ago. At a time when the cities are overcrowded and saddled with problems, a rural community can be the best place in the world to live, work, and raise a family, if the people can overcome their lack of numbers by working together.

Inflation and rising costs have made it difficult for both the small farm and the small business to survive, because neither has much opportunity to spread increased costs over a larger volume. As the surviving farmers solve their cost-squeeze problems by getting larger and more efficient, the small town businessman finds himself with fewer customers and insufficient volume to compete with retail outlets in the larger towns.

Farmers have a stake in maintaining a trading point and community services close to their farms. As farms get larger and rural populations decline, we are faced with what the researchers call the "social cost of space." Services cost more, or may not be available in rural areas, simply because there are not enough customers to cover the increasing overhead costs of local businesses and government institutions. If retail stores continue to move to larger towns further away, it may well take farmers, even with better roads and faster transportation, as long to get in town as it did in the horse-and-buggy days. On page 10 there is a table which shows the distribution of the 1970 population in the various towns in Iowa. Of the 948 Iowa towns, about half of the people are in the sixteen largest towns. If we were to assume that towns smaller than 500 population will have difficulty in offering a full complement of retail stores and providing municipal services, it can be seen from the above table 498 (52 percent) of Iowa's, incorporated cities and towns are too small.

(The table is as follows:)

DISTRIBUTION OF 1970 POPULATION IN IOWA

Size of town	Cities		Population		
	Number	Percent	Number	Percent	Percent
0 to 499	493	52.0	115,343	5.7	
500 to 999	205	21.7	146,859	7.1	
1,000 to 4,999	190	20.0	392,765	19.3	
5,000 to 24,999	44	4.7	405,513	19.8	
25,000 and over	16	1.6	982,858	48.1	
Total towns	948	100.0	2,043,338	100.0	73.2
Rural			747,127		26.8
Total, State			2,790,465		100.0

Source: Preliminary census data. Iowa Marketing Research Corp.

Mr. Pike. Did I hear Mr. Wymer say he felt a thousand population was about the minimum size to attract industry? In Iowa 74 percent of the towns have less than 1,000 people.

Like the buildings on a farm, a strictly rural town is not self-sufficient, but serves as a headquarters for the surrounding land. Just as farmsteads have become surplus in the trend toward larger farms and fewer people, so will some of the smaller towns.

My hometown of Whiting, with a population of about 600, is a good example of one of these many small Iowa towns. In a business way, it is no longer able to compete with the country seat of Onawa, 8 miles to the south, or with Sioux City, 30 miles to the north. Certainly, its future will depend upon economic activity and jobs in Onawa and Sioux City, as much as support from the 150 remaining farmers in its 99-square mile school district.

Whiting is a pleasant place to live, supports two churches and has a good school. There is plenty of parking space. It has city water, a sewer system, and most of the streets are paved—probably a million dollars in municipal improvements which should continue to be utilized. A reasonable goal for Whiting might be to strive to become a high quality residential area in the strip city we think will develop in the Missouri River Valley between Sioux City and Omaha.

One of the frustrating things to a farmer living outside the city limits is that he really has very little to say about a town's future. I think Whiting could use some help in zoning and planning, especially to find out where they are headed.

In a small town the most active educational forum is the coffeeshop, the cardroom, and the pool hall, in that order of social importance, and I must admit that my leadership effectiveness was diminished, when I flunked coffeeshop for missing too many 8 o'clock classes.

Finally, any consideration of financing rural development should include a look at the Nation's tax structure and how it is weighted in favor of the Federal Government.

The table on page 12 shows the tax take on the Pike family. I tried this out on a friend of mine and he said, "Herb, are you bragging or confessing?" But to me what I am paying in taxes brings the whole thing into focus and I think maybe I can get the point across using that.

(The table is as follows:)

TAXES PAID BY MR AND MRS. HERBERT PIKE

[In percent of adjusted gross income]

Type of tax	1966	1967	1968	1969	1970
Federal income	30.0	28.5	33.0	29.0	27.0
Iowa income	2.4	2.3	2.2	2.1	2.4
Iowa sales tax	.9	1.0	1.4	2.1	2.5
Personal property	2.0	2.0	1.9	2.9	3.1
Real property	11.1	13.0	14.2	20.4	24.9
Total taxes paid	46.4	46.8	52.7	56.5	59.9
Property tax increase	100.0	108.0	120.0	141.0	148.0
Income change	100.0	94.0	98.0	80.0	69.0

Mr. PIKE. Briefly, the table shows that about 30 percent of my adjusted gross income, is being paid in Federal income taxes. Only a little over 2 percent, is being paid in state income tax and yet there is tremendous resistance to increasing that tax in our State.

Senator HUMPHREY. And is that not deductible from your federal?

Mr. PIKE. Yes, the Iowa tax is deductible from ones federal adjusted gross income.

Senator HUMPHREY. We do not have any in Minnesota?

Mr. PIKE. The deductibility of the heavy federal tax traps the State when it comes to figuring the State income tax.

Another interesting thing is my property tax. It has gone up from 100 percent in 1966 to 148 percent in 1970.

Senator Bellmon. Has the amount of property gone up? Has the total number of acres increased?

Mr. Pike. No. That has been constant. I made sure that that was not a factor.

The personal property tax is relatively high because I am trying to feed the minimum number of cattle considered efficient in today's farm operations. I am feeding about 300. But when you take a tax of $4 a head on those steers it counts up. It may also have something to do with Iowa losing out on cattle feeding and the closing of packing plants in Sioux City.

I might point out that we have some nonfarming investments, otherwise, property taxes would be an even greater percent of income. Note that our property taxes have increased about 10 percent a year in the face of decreasing income.

Nationwide property taxes have reached burdensome levels because of the increasing costs of local government, especially schools. Attempts to shift these costs to a State or local income tax meet with resistance because of the already highly progressive federal income tax. At the same time there is pressure to solve an increasing number of local problems with Federal grants.

Senator Miller. Can I ask a question?

Mr. Pike. Yes, Senator.

Senator Miller. We have the agricultural land tax credit on the statute books. Do you know offhand what percent of that is being paid out?

Mr. Pike. It is not being fully funded, I would guess not over a third. If we could get a more equitable form of tax relief for farmers, I believe farmers would be willing to give up ag land credit because it does discriminate in favor of farmers. It was a stopgap in the early days.

Senator Miller. I do not think it has ever been fully funded.

Mr. Pike. That is probably right.

Senator Miller. My recollection is it goes down to about 25 percent of full funding.

Mr. Pike. Yes.

Senator Miller. Please proceed.

Mr. Pike. I think the dilemma that we are in on property taxes is that while we in the country pay a high percent of our income in property taxes, we are getting along pretty well with our local governments. In the cities where there is not much property tax on the individual except his home, they are in real trouble trying to fund their municipal governments using only the property tax. So while the individual is not hurt in the city, the city collectively is hurt. While we may think we are paying too much in the country, collectively we are getting along pretty well.

Well, at the risk of being considered antiestablishment, I would like to propose a more equitable use of my tax dollars. I would like to see my Federal taxes cut from about 30 percent of income to 20 percent of income along with the reduction in Federal grants, and the State income tax increased to about 10 percent of my income using the reductions from the Federal. Then, the personal property tax might well be eliminated and a portion of school costs shifted from real property to a State or local income tax, so more people would become involved and become more cost-conscious.

Some type of incentive is needed for State and local governments to make greater use of the income tax. I do not think it would do any good to reduce the federal taxes without some incentive to increase State income taxes and depend less on property taxes.

In 1966 an advisory commission on intergovernmental relations, a bipartisan panel of officials representing Federal, State, county, and local governments, proposed that an individual be allowed a credit of 40 percent of State income taxes paid, to be subtracted from the total Federal income tax otherwise due. Like investment credit, this would come off the final tax and would be a break for all taxpayers, not just businessmen.

I think you know how investment credit works as an incentive to businessmen and agriculture to modernize their plant and spend money and get things going.

You see, if the Federal Government would shift 10 percent of my taxes and let the State have it, I would double my State income taxes with a 10 percent reduction in the Federal. We would possibly get away from this remote control from Washington of trying to fund these projects when it is so hard to manage it.

The Federal Government will need to continue to finance projects that are national in scope or beyond the ability of State and local governments, but I am concerned with the increasing number of Federal grants for projects, clear down to the local school, that are not really an obligation of the Federal Government. When such funds are up for grabs, unnecessary spending is encouraged, local units are unable to plan ahead with certainty, and are often left in an embrarrassing financial position when the grants expire.

As long as individual citizens are furnishing the bulk of the funds, the most efficient form of revenue sharing, would be to restructure income tax rates and keep a larger proportion of funds at the State and local level. This imbalance is the cause of many problems, both rural and urban. Too long the States have eaten at the second table when their residents are furnishing most of the groceries.

To summarize:

1. There is need for more credit, both private and public, to finance development of rural areas. Possibilities are the formation of a Rural Development Credit Bank under the supervision of the Farm Credit Administration, as well as an expansion of lending activities of the Farmers Home Administration.
2. Farmers have a stake in upgrading community services and raising the quality of rural living. This will be an inducement in recruiting capable young replacement farmers.
3. Fewer farmers on larger farms will make it very difficult for many of the smaller towns to survive.
4. The tax structure needs to be modernized. State and local governments should collect a larger share of the funds and assume more responsibility.

That completes my prepared statement Senator. Thank you.

Senator HUMPHREY. Well, I do want to thank you for your testimony, Mr. Pike.

I have a concern which I must express to you. I grew up in South Dakota and my father was a merchant and our home was first in Doland and then in Huron. We were private owners of a private business and still are but there are a large number of concerns that are fine business houses and they are fine people that run them but they do not leave any money there in South Dakota. Whenever you want a contribution for the college you have to write to New York. Whenever the local people want a contribution to the church they have to write to Chicago, on Philadelphia. Whenever they want a contribution from Humphrey's Drug Store we make it right in the town. We leave it right there.

When you talk about reducing that Federal tax, a lot of money that comes from my little home town does go to somewhere else. People get paid $250,000 a year. One of the reasons they get paid that is because they are able to take a lot of money out of Huron, S. Dak., and when we pay anybody in our State it all stays in Huron, S. Dak.

One of the reasons for the Federal income tax is that it is the only way I know for some areas who have less income to be able to share better in what this country has to offer. With the interstate corporation and with so many people who are no longer private owners but really renters and wage earners and salaried people working for somebody else, it seems to me that the most equitable tax is the progressive income tax in which a larger share of the tax is collected by the Federal Government.

Take, for example, Delaware, where a large number of corporations are incorporated, or Connecticut, which has many big insurance companies. They do not sell all their insurance in Connecticut. They sell it all around the country and their executives live in Connecticut. They make a hundred thousand dollars. I am not angry with them. I know they are mostly worth it even if they get $250,000. If we are going to reduce the Federal income tax on all those people and the State of Connecticut can raise its State income tax on those people, that means Connecticut gets a whole lot more money even though a lot of money in Connecticut came right from my home town.

I have a tough time going along with you. Maybe it is because of where I was born and raised. I make much more money today than many people do. I think I ought to pay more tax. And the only tax I do not like to pay is the real estate tax because that has nothing to do with my income, not a thing.

I go out here and see a poor farmer that does not get a crop at all and he has got to pay real estate tax. Now, he could be the richest farmer in the country and no crop, and he still has to pay his real estate tax or he could be the poorest farmer in the country and he still has to pay real estate tax.

I believe in income tax. I think you ought to pay on the basis of your ability to pay and if you earn a lot you ought to pay a lot and if you earn little, pay a little. Until they get a local tax structure that will do that I am not going to be moved for a plea to reduce Federal taxes even though we have reduced Federal taxes four times in the last 15 years. The Federal income tax has gone down since 1952 four times. Corporate tax is down from what it was, 52 percent down to 47 percent.

The thing that bothers me about these tax arguments is that the only way an underpopulated State or one with less corporations can get its fair share of revenues is through the Federal taxes, corporate and personal income.

Mr. **Pike**. Well, Senator, I think we are in agreement that the income tax is a fair tax. My plea is that by reducing the Federal a little with a system of cross credits, we could get the States to move into this field more than they have. Somebody recently told me that Ohio does not have an income tax and their schools are in real trouble.

Senator **Humphrey**. Yes, I agree. They are trying to get one. Pennsylvania did not have one either. They just recently got one, one that was not too big. A small personal tax.

I understand your point. I think I see it a little more clearly now. You said in substance that you wanted to make sure that whatever drop there was in the Federal was picked up by the State income tax. My only counterpoint there just for discussion, and it is always worthy to talk these things out, was that in some areas the income distribution is so different.

Take, for example, Montgomery County, Md. It has one of the highest per capita incomes in the United States. Most of it happens to be government income as compared to Wright County, Minn., where I live. I think of this country as one country. Migration itself tells me that it is one country. I consider when things go wrong in Oklahoma or Minnesota it hurts Iowa and Pennsylvania.

Anyway, I just thought I would toss that out as a counterforce.

Let me ask you this question. Are farmers borrowing as a substitute for income or are they borrowing as a means of expanding their operations?

Mr. **Pike**. I would say it is expansion, especially if it is real estate credit which I am most familiar with. Chattel Credit, possible, instead of income.

Senator **Humphrey**. Most of it you think is for the purpose of modernization and expansion?

Mr. **Pike**. There has been a terrific pressure to expand the size of farms, especially in the Midwest where they started small.

Senator **Humphrey**. Do I understand you support this idea of a rural development bank?

Mr. **Pike**. I think we could, yes.

Senator **Humphrey**. I like the idea.

Mr. **Pike**. I think it should be separate. I do not think you can mix it in with existing banks because the problems would be different.

Senator **Humphrey**. I understand.

Senators?

Senator **Miller**. First of all, I very much appreciated your fine testimony but I would like to add a footnote or two to what Senator

Humphrey had to say about this shift from the Federal income tax to the State.

Suppose that your plan was adopted and the Federal income tax was cut back and the Iowa income tax was increased. Do you have any assurance in the present state of the law in Iowa that that increase is going to get back down there to Monona County?

Mr. Pike. We are on the verge in the State legislature of a funding bill for schools. The schools are the things that are hurting. They take 60 percent of the property tax. And we are on the verge in the legislature right now of facing up to that.

They voted a freeze, property taxes will not go any higher, and something we feel is going to be done in this session, and it can go sales tax or income tax. It is about the only way left. They will probably go both.

Senator Miller. Well, of course, that has never happened yet. That is why I asked you about the agriculture land tax credit. It has not been done yet. Maybe tomorrow they will change it but quite apart from schools, do you have any assurance that a share of that State income tax is going to come back to Whiting, Iowa, to help Whiting if they have a sewage treatment plant problem or if they have some need for low-income housing or something like that?

Mr. Pike. I would feel it might be easier to get it back from Des Moines than from Washington.

Senator Miller. Well, you might feel that way but I can tell you that the general revenue-sharing bill has a strict requirement for pass-through of a fair share of this money to the cities and the counties. We do not have that assurance in the State statutes.

Mr. Pike. I realize it is a problem.

Senator Miller. So if you really want assurance, I think you would have it under the revenue-sharing approach.

Now, there is another aspect of it and I thought, Senator Humphrey, if he had just stayed with his first argument, he would have really made a good point. He cites the case of corporations doing business in many States and pulling the income out; if you come along and you say to their home State of Connecticut or Delaware, we are going to cut your Federal income tax so that Delaware and Connecticut can have an increase in their State income tax, the lion's share of that, I think, is going to go to your wealthy States. I have heard this said before our Joint Economic Committee, Senator, that under that system the rich States would get richer and the poor States would get poorer.

This is the reason for the formula in general revenue sharing which has three factors—population, per capita net income, and finally State and local tax effort. Under that system I can tell you that capita income and about middle in population, but our State and local tax effort is higher.

This is why Ohio does not like it. At least the Governor said he does not like it before our Joint Economic Committee, because their

State and local tax effort is way down low and yet their per capita net income and their population is up very high.

I think if you will look into this you may conclude that the equities are with the revenue sharing approach with those qualifications in there and with the pass through in there. Without the pass through, you put yourself in the same situation as if you used a tax credit.

Anyway, I wanted to ask you one other question. It is estimated, you said, that total credit needs of agriculture will more than double by 1980. Are you talking about farmers or are you going beyond that into the area of agri-business or farm related business?

Mr. Pike. No, strictly agriculture.

Senator Miller. Strictly farm?

Mr. Pike. Yes. That figure comes out of our report and the figure as I recall was around $120 billion. This would be all lenders, not just the Farm Credit, of course.

Senator Miller. If there is going to be that much of an increase in the next 9 or 10 years, I am wondering if are your going to have enough resources in the Farm Credit Administration and the banking system to meet the needs of the farmers if you dilute your efforts by authorizing Farm Credit loans for rural housing. Are you going to have enough resources?

Mr. Pike. Well, we do not think rural housing would amount to as much in dollars, but to take on financing rural electric cooperatives or community sewage or those big things, we have some reservations about that, unless you would fund a separate bank.

Senator Miller. Well, if, for example, this rural bank Senator Humphrey asked you about were established by the Congress, where would that leave your Commission with these two recommendations that you alluded to in your testimony?

Mr. Pike. There is some difference of opinion within Farm Credit, whether we should get into rural housing, or not. Generally the Federal land banks in the East, favor it. They have a lot urbanization there. They are hurting for farm-loans. They need the business to keep busy.

Some of the more commercial farm areas, they have some reservations, and I do not think there would be a hard fight to keep rural housing in the pending bill. I mean, if you had a development bank. I would think it might be more logical for the Federal land banks to make the individual farm and rural housing loans and then this rural development bank could get into the large loans—the community financing, the sewage, the water, utilities, and even business loans in rural areas.

Senator Miller. You talk about an individual home out in the rural area and I can certainly understand that situation. I am sure there would be some concern if outside this incorporated city limits there would be a big housing development of some kind that would

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be financed by Farm Credit. I think that might get away from the policy that you are really advocating. Of course, after that was built, then it would only be a question of time before the limits were extended out. I do not think you have that in mind, do you?

Mr. **Pike**. No. This would be more than individual homes. We feel that the private capital and Federal Housing Administration will take care of these zoned housing developments.

Senator **Miller**. Thank you very much.

Senator **Humphrey**. Senator Bellmon?

Senator **Bellmon**. Thank you, Mr. Chairman.

As a former Governor of the great State of Oklahoma, I want also to object to your proposal that we do away with part of the Federal tax and go to a higher State tax. I want to tell you why.

Our State has a State income tax, also a corporation tax. Our neighbor to the south, Texas, has neither and already our State has lost a lot of entrepreneurs such as the Braniffs. When we passed an income tax years back they packed up and went across the Red River to Texas and never came back.

If we in Oklahoma would go ahead and raise our income tax up to 10 percent we would lose a lot more people. We have to stay competitive. When it is up to the State to levy high income tax when you have people like the Texans who do not need it you put us in an impossible situation. I think if we are going to have to get it back into the States, we have to do it through revenue sharing.

Mr. **Pike**. What do you depend on?

Senator **Bellmon**. We have no State property tax.

Mr. **Pike**. Do you have a local?

Senator **Bellmon**. We have a school district—municipal governments that levy property taxes but we have income tax and corporation tax, and a whole——

Mr. **Pike**. You do have income tax?

Senator **Bellmon**. Yes. Texas does not have.

Mr. **Pike**. Well, Texans are different.

Senator **Bellmon**. They really are.

Now, let me ask you a question on the subject we just talked about. You work for the Federal land bank. Do you have anything to do with production credit?

Mr. **Pike**. Very little.

Senator **Bellmon**. In our State we have an unusual circumstance. Apparently the Federal Credit Administration was set up to provide a need, a source of credit, to agriculture, and it came in at a time when credit for agriculture was extremely hard to get, and yet over the years it seems to me that the FCA's have become and to some extent Federal land bank has become the most conservative loaning agencies that agriculture deals with.

Very frequently a farmer can go in to try to get a loan from the Federal land bank on land and is turned down, or tries to get it from production credit, is turned down and gets it from a bank.

Is it your thought that these Farm Credit Administration loaning agencies should be the most conservative loaning agencies around or should they be a little more aggressive?

Mr. Pike. Well, they should be solvent. I mean, that is the first requirement.

Senator Bellmon. Is that their objective?

Mr. Pike. Yes. It is farmer owned and we have no subsidies and we have to remain solvent.

Now, there is one thing in the Federal land bank law, chartered back 50 years ago. We are limited to 65 percent—you know that thing.

Senator Bellmon. Yes.

Mr. Pike. And we are asking that that be made more flexible.

Senator Bellmon. So you are in favor of liberalizing——

Mr. Pike. Yes.

Senator Bellmon. Let me tell you what happens in our State. It might not happen up here. In our State very often the board of directors of PCA will get to be very mature gentlemen all of them gray-haired, most of them on social security, and they would not loan a dime to anyone that is not gilt edged, and it is even worse in some areas, that they all wind up being cattlemen and if you come in not owning a herd of brood cows you are not a good risk.

How are we going to keep that from——

Mr. Pike. That has always been the best way to borrow money, if you don't need it, but I think—one thing our advisory committee has continued to recommend is that we have some turnover in these boards, that we have a retirement age.

Senator Bellmon. There is nothing in the new law that requires it.

Mr. Pike. No, maybe it ought to be in there.

Senator Bellmon. I am going to put it in there if I can.

Mr. Pike. We recommended that 70 would be a good retirement age for all boards of directors, and the Omaha district is doing it. When Omaha does it and other districts do not, that puts Omaha at a disadvantage in seniority.

Senator Bellmon. What would you think about a provision that made it impossible for a member to serve more than two successive terms?

Mr. Pike. The Credit Commission kicked that one around a lot and I remember a farm leader said when you limit the tenure of directors you destroy farmer leadership because the hired management sits back and waits until the two terms are up and then do it their way.

Senator Bellmon. Do you think anyone who serves on one of those boards of directors, if we put on a two-term restriction, is any more indispensable than the President of the United States?

Mr. Pike. We probably think that is about all he can take.

Senator HUMPHREY. We can have more than two terms in the Senate. There is no limit on a Senator.

Senator BELLMON. But we are not lenders, Mr. Chairman.

Mr. PIKE. I was on a local co-op board and we had this two-term limit and the argument was when we started it, that we have some older men who did not want to retire and I think that was the reason for it. We started it and we thought if a director was a good man he will be back in a year or so but it did not work out that way. Once they served their two terms, they did not seem to come back.

I would argue against limited tenure but I think an age limit is all right. Maybe 10 years from now I would feel differently.

Senator BELLMON. I want to make one other comment. In connection with the Federal land bank making housing loans. To me this is a desperate need because at present there is a real gap between the farm operator who is eligible for a Farm Home Administration housing loan and the one who is wealthy enough that he can build it out of his bank account or get it from an insurance company or some other source. There are so many young farmers who are almost in the poverty class that the Farmers Home Administration deals with, yet they have young families, need better housing, and yet they cannot borrow a dime from any of the conventional loaning agencies to build a house on the farm, and I think we must solve the problem and I was glad to see that in the law.

Senator HUMPHREY. I want to share with you my prejudices on housing. I think the whole housing financing program is upside down. I am a man of some reasonably good means. All my family is grown up. My children are doing well. I have eight grandchildren. I love them very much. And I have two beautiful houses. I rattle around in them. I do not know what I am doing. When I had four children I couldn't afford to have a nice place. I lived on a third floor, a lousy room, then rented a part of a duplex not fit to live in and that was what I had to bring my kids up in.

By the time they got around to the point they were ready to leave I had enough money to afford a house.

I think something ought to be done in the country. You ought to be able to loan money to people when they are having kids so they can have a decent place to grow up. When you get old, you do not need all that space.

I told my sons, go in debt and buy yourselves a house. Don't be stupid as your father. If they won't loan you the money get a second or third mortgage. Get a house while the kids are little.

Look at the number of people today. I go and talk to people in their houses, and often they have a big house just for their maid. The kids are gone. They have a hundred thousand dollar place for the hired help. When the beloved children were growing up and your wife is working herself half to death, she hasn't got enough room for the kids to grow up in.

We now have a statement from Ray A. Rodeen, senior vice president of the United Stockyards Corp., which we will place in the record at this point.

(The statement and exhibit is as follows:)

STATEMENT OF RAY A. RODEEN, SENIOR VICE PRESIDENT, UNITED STOCKYARDS CORP., SIOUX CITY, IOWA

My name is Ray A. Rodeen. I am Senior Vice President of the United Stockyards Corporation, which owns and operates ten Terminal Livestock Markets, including Sioux City, Iowa. I have been associated with the livestock marketing business for 43 years.

Terminal Markets have served the livestock producers and feeder for almost a century. There is no industry more closely allied with the livestock producers than ours. Our daily customers represent farms of all sizes and, therefore, our allegiance is to all who take an active part in producing and feeding livestock. Many economic changes have come about in this past decade which have brought about a completely different type of farm operations than we have known in the past. Each operation becomes more technical and mechanized, requiring a large amount of capital. In order to finance operations and have the farmer to continue to be in a financial position to continue to work the land, he has been forced to pursue work away from the farm. Also, it has brought about a situation whereby our young people are pursuing other fields of endeavor because they are not able to accumulate financial backing in order to start farm operations. This has been very apparent from the fact that the average age of our farmers in Iowa today is 58 years. We, of the Midwest, are very closely allied with agriculture and if agriculture cannot continue to draw young families or new families into it, it could bring about a complete economic disaster.

Competitive marketing has not been responsibile for the disappearance of the one family farm but it has raised the level of livestock prices received by the livestock feeder. To substantiate this is an exhibit attached, which compares typical average hog prices paid at the Sioux City Stock Yards with those paid at Iowa and Southern Minnesota direct points for the year 1970. You will note from the statement of hog prices of representative grades and weights at Sioux City, Iowa, Iowa and Southern Minnesota direct points for the year 1970 as compiled by the livestock Division, Consumer and Marketing Division, United States Department of Agriculture, that on No. 1 and 2 barrows and gilts, 200 to 240 pounds, that the average price at Sioux City was 60¢ per cwt more than that paid in Interior Iowa and Southern Minnesota. Similarly, for No. 2 and 3 barrows and gilts, 220 to 240 pounds, it was 75¢ per cwt more. For No. 3 and 4 barrows and gilts, 240 to 270 pounds, it was 93¢ per cwt higher and for 330 to 400 pound sows, the average price was 89¢ per cwt higher at Sioux City.

This price spread differential in favor of prices paid at Sioux City is more significant when one realizes that freight rates to the consuming east are somewhere in the neighborhood of 30¢ per cwt less in Interior Iowa than from Sioux City, Iowa.

It is the position of those engaged in livestock marketing at the Sioux City Stock Yards that any program of industrial and agricultural expansion and relocation of governmental headquarters in the Corn Belt area will aid the family farmer, city and town business man and provide employment which will deter the exodus of people from the Corn Belt to crowded areas in our nation. People will migrate to areas which provide the best job opportunities.

What are some of the ways that we can expand our economy to make living in the Siouxland area attractive?

Any sound expansion must be based upon processing the raw materials that are native to our area.

One of the raw materials not being fully utilized at this time is roughage on our farms. This feed lends itself to cow-calf production. That additional feeding of livestock in Siouxland is necessary to maintain present packing plants is demonstrated by the growth in packing facilities in Iowa the past ten years as compared with the increase in fed cattle marketed.

In 1959 there were 2,279,000 cattle slaughtered in Iowa. In 1969, there were 4,130,000 head slaughtered, an increase of 81.2%. In 1959, there were 3,008,000 grain-fed cattle marketed. In 1969 there were 4,104,000 head, or an increase of 36.4%. The slaughter capacity of Iowa plants in 1969 was 5,955,000 head. In order to run at capacity, Iowa packers would have to import 1,851,000 head from other states. Iowa is a deficiency state in cattle feeding, as far as slaughtering plant capacity is concerned.

This discrepancy between expansion of cattle slaughtering plants and cattle feeding in Iowa is more pronounced in Northwest Iowa, Northeast Nebraska and Southeast South Dakota, when one realizes that new slaughtering facilities have been constructed at Schuyler, West Point and Dakota City, Nebraska, which are in the Siouxland area.

Expansion of cattle feeding will convert more of our grain for further processing. Approximately 40% of our corn is exported or used for purposes other than livestock production. Iowa could greatly increase its livestock feeding and still export millions of bushels of corn.

Not only will expansion of cattle feeding through a stepped-up cow and calf program benefit the farmer, it will benefit the town business man and worker as well. There will be more business for the veterinarian, the banker, the feed manufacturer, the implement man, the lumberman—practically everybody on Main Street.

Now—what can the Federal government do to augment this program? One thing it could do would be to release soil bank acreages for cow and calf grazing the year around. It could participate in granting or guaranteeing loans made to farmers who want to get into this program. That could be done through an agency such as the Small Business Administration.

We are in the midst of the cattle slaughtering center of the United States. Unfortunately, I have been unable to obtain figures from the United States Department of Agriculture as to the number inspected by the Sioux City Station of the Bureau of Animal Industry. I venture to say that there are over 3,000,000 slaughtered annually in the Sioux City area. That means there are 3,000,000 hides. There is no economic reason why beam houses, the first step in tanning leather, shouldn't be located in the Siouxland area. There is no economic reason why tanners shouldn't all be located in the Middle West. There is no economic reason why shoe factories shouldn't be located here. The only real deterrant is the difference in freight rates on hides and shoes. Shoes can be shipped to population areas easier than hides.

Among the numerous by-products from livestock slaughtering operations are various glands used in the manufacturing of pharmaceutical products. Being the hub of livestock slaughter in the country should be conducive to the establishment of pharmaceutical houses in Siouxland.

Butcher supply houses, as well as slaughtering plant machinery manufacturers, could economically locate in Siouxland, providing freight rates on raw materials and finished products are not unfavorable.

We are in the center of Agricultural America. Yet, our governmental agencies are headquartered in Washington, D.C. or other eastern cities, a long way from the Heart of Agriculture. Why couldn't the Department of Agriculture, or certain bureaus and departments, be located in the Midwest? This relocation should result in thousands of jobs.

We can stop the exodus of our young people from the heartland of the United States if we will provide job opportunities.

EXHIBIT SHOWING WEEKLY AVERAGE OF DAILY QUOTATIONS OF HOG PRICES PER 100 POUNDS AT SIOUX CITY, AND IOWA AND SOUTHERN MINNESOTA DIRECT AREAS, FOR THE YEAR 1970 AS COMPILED BY THE LIVESTOCK DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

	U.S. No. 1 and 2, Barrows and gilts, 200 to 220 pounds		U.S. No. 2 and 3, Barrows and gilts, 220 to 240 pounds		U.S. No. 3 and 4, Barrows and gilts, 240 to 270 pounds		U.S. No. 1, 2, and 3, sows, 330 to 400 pounds	
	Sioux City	Iowa and south Minnesota direct area	Sioux City	Iowa and south Minnesota direct area	Sioux City	Iowa and south Minnesota direct area	Sioux City	Iowa and south Minnesota direct area
Week ending—								
Jan. 3	$27.81	$27.12	$27.58	$26.53	$26.58	$25.47	$22.81	$21.78
10	28.42	27.35	28.20	26.95	27.55	25.78	23.28	22.12
17	28.32	27.50	28.02	26.82	27.50	25.80	24.42	22.48
24	29.28	28.50	29.02	27.88	27.92	27.05	25.22	23.10
31	28.50	28.12	28.20	27.48	27.28	26.60	24.55	23.28
Feb. 7	29.22	28.62	28.92	28.08	27.95	27.20	25.45	23.62
14	29.05	28.62	28.72	28.00	27.98	27.08	25.88	23.90
21	29.16	28.72	28.92	28.05	28.40	27.25	25.82	24.20
28	28.64	28.28	28.48	27.65	27.75	26.82	25.60	24.08
Mar. 7	28.02	27.50	27.88	27.05	27.12	26.32	25.32	23.88
14	26.58	26.02	26.22	25.65	25.48	24.85	24.68	23.22
21	26.34	26.00	26.10	25.60	25.40	24.92	24.22	23.02
28	25.91	25.32	25.72	25.02	25.03	24.42	23.72	22.70
Apr. 4	24.68	24.18	24.45	23.75	23.90	23.15	22.85	21.88
11	24.76	24.52	24.42	24.02	24.08	23.38	22.68	21.75
18	25.04	24.45	24.82	24.08	24.10	23.30	22.58	21.65
25	24.58	23.90	24.30	23.68	23.58	22.98	21.78	21.05
May 2	24.82	24.50	24.55	23.48	23.95	23.18	21.58	20.85
9	25.02	24.55	24.72	23.98	23.92	22.92	20.78	20.15
16	24.52	23.98	24.20	23.22	22.92	22.22	19.88	19.55
23	25.35	24.60	24.95	24.05	23.82	22.98	19.72	19.38
30	24.62	23.88	24.18	23.42	22.88	22.18	19.10	18.75
June 6	24.59	24.02	24.28	23.60	22.95	22.22	19.12	18.65

13	25.42	24.65	25.12	23.98	24.08	22.78	19.40	18.78
20	25.28	24.50	25.02	23.85	23.80	22.55	18.98	18.56
27	25.95	25.28	25.72	24.78	24.70	23.62	19.48	18.88
July 4	26.50	25.68	26.22	25.38	25.22	24.02	19.70	19.25
11	26.41	25.50	26.20	25.15	25.58	24.00	19.90	19.00
18	26.30	25.48	25.98	25.12	25.25	23.95	20.20	19.90
25	25.62	24.90	25.50	24.68	24.95	23.70	20.02	19.10
Aug. 1	25.50	24.80	25.30	24.48	24.92	23.62	20.10	19.00
8	23.68	22.82	23.62	22.65	23.25	21.80	19.00	18.10
15	23.14	22.52	23.18	22.32	22.85	21.72	18.95	18.05
22	22.38	21.75	22.38	21.58	22.08	21.05	18.68	17.85
29	20.99	20.32	20.80	20.22	20.48	19.52	18.08	16.28
Sept. 5	20.66	20.28	20.52	19.98	20.40	19.30	18.18	17.20
12	20.69	20.25	20.66	20.09	20.31	19.28	17.78	17.12
19	20.91	20.35	20.78	20.15	20.45	19.45	17.72	17.15
26	20.45	20.05	20.32	19.87	20.00	19.15	17.68	17.02
Oct. 3	20.32	19.85	20.08	19.58	19.70	18.78	17.32	16.75
10	19.46	18.82	19.12	18.62	18.68	17.78	16.35	15.92
17	18.70	18.20	18.35	18.05	17.85	17.28	15.75	15.30
24	18.26	17.72	17.86	17.48	17.38	16.70	15.15	14.65
31	16.60	16.15	16.22	15.75	15.50	15.00	13.68	12.90
Nov. 7	16.62	16.00	16.32	15.68	15.58	14.80	13.40	12.62
14	16.48	15.98	16.28	15.68	15.55	14.60	13.18	12.12
21	16.02	15.75	15.90	15.38	14.98	14.38	12.50	12.05
28	16.31	15.80	15.91	15.41	15.03	14.56	12.31	12.06
Dec. 5	16.30	15.58	16.02	15.25	15.05	14.28	12.30	11.88
12	16.55	15.88	16.30	15.52	15.22	14.52	11.52	11.45
19	16.72	16.02	16.28	15.70	15.38	14.68	11.85	11.32
26	17.26	16.62	16.91	16.28	16.03	15.31	12.31	11.50
Total	1,218.71	1,187.75	1,205.73	1,166.70	1,168.30	1,120.25	1,012.43	965.92
Average price	23.44	22.84	23.19	22.44	22.47	21.54	19.47	18.58
Difference		0.60		0.75		0.93		0.89

Senator HUMPHREY. Thank you very much, ladies and gentlemen. That brings us to the end of our hearing today, and the committee will now adjourn.

(Whereupon, at 6:50 p.m. the subcommittee adjourned to reconvene Tuesday, May 4, 1971.)

RURAL DEVELOPMENT

TUESDAY, MAY 4, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Vermillion, S. Dak.

The committee met, pursuant to recess, at 9:15 a.m., in the New Center for Continuing Education, University of South Dakota, Vermillion, S. Dak., Hon. Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Allen, and Miller.

Also present: Representatives Denholm and Abourezk.

Senator HUMPHREY. The Senate Subcommittee on Rural Development of the Senate Standing Committee on Agriculture and Forestry is now in session and will come to order.

May I first of all present our panel of Senators. To my left is the distinguished Senator from the State of Iowa, Senator Jack Miller, who is the ranking Republican member of the Senate Committee on Agriculture and Forestry, and has been long interested in and an active proponent of programs and policies for rural development.

To my right and your left is Senator James Allen of the State of Alabama, likewise a member of the Committee on Agriculture and Forestry, and one of our strong supporters for all programs as relate to the health and well-being of rural America.

To my right is the Congressman representing this district of the State of South Dakota, Congressman Frank Denholm. The Congressman will give you his own expression of views today, and will also share his time very generously with two representatives of South Dakota agricultural organizations, Mr. Ben Radcliffe of the Farmers Union and Mr. Gary Enright of the State Farm Bureau.

To my left is the Congressman from what we used to call the West River area. Congressman James Abourezk, who was with the student body and faculty and others here last night on this campus. He has kindly consented to join with us here today and to be a participant in our hearing.

Let me just quickly state what our purpose is.

It is quite obvious that America faces an urban crisis. It is well known. It is written about and described in graphic terms. When we know that 70 percent of the people live on 2 percent of the land of this great republic, we know that there is an imbalance of population distribution. It is estimated that in the next 30 years 85 percent of our people will be living on less than 2 percent of the land, unless there is a change in population pattern.

It is estimated that we will have to build a town larger than Vermillion every day for the next 30 years unless we are able to do a little something better about population dispersal.

It is said that we will have to build every 40 days a city the size of Portland, Oreg., just to take care of the increase in population between now and the year 2000.

I think young people in particular are appreciative of these statistics because it is going to be their world: 65 percent of the people alive today in America will be alive in the year 2000. Students on this university campus will be in the fullness of life, in their period of greatest responsibility as this Nation approaches the population figure of 275 to 300 million.

So, it is fitting and right that we ask ourselves where will people live? Will they be crowded into the already overcrowded cities? Do we really believe that you can govern a city the size of New York when it doubles its population, as it may very well, in the next 25 years unless there are policies that permit us to have what I call freedom of residence.

Can we learn from other countries as to how we might have better population distribution?

This is what we are trying to look at.

Now, we know that young Americans, who have a college education or a high school education, or a part of a college education, living in the television age, living in the age of freedom of movement, are not going to live in areas that offer no opportunity in jobs or income. Nor are they going to be satisfied with communities that offer no medical services, inadequate education, lack of proper transportation, leisure time, and cultural activities.

In other words, we are trying to find out how we can build in this country the basic structure that will entice the development of industry, the creation of jobs, the enhancement of or the augmenting of agricultural income which is at the very base, of course, of our world economy.

Now, those are sketchy outlines of some of the things we are looking at. If we had all of the answers we would not be here. People have said why didn't we do this before? We have been at it before but like many other things, it takes time, and more than that, it takes a sense of urgency.

We think that it is urgent that the country get on with policies and programs that provide living space for people, and provide decent living conditions for people.

I said to a group of faculty this morning that I do not believe that God Almighty intended man to live in concrete, asphalt, and steel. I think that there has to be a relationship between the human being and his physical environment, the human being and his social environment, and we think that coming to a great university campus like this affords us an opportunity to hear in particular the views of young men and women as to why so many of them leave our midwestern areas.

I am a native of the State, as you know, and I have a great sentimental attachment to it through my mother, my father, my brother, my sisters, my family. Why is it that South Dakota and North Dakota, lose population? Why is it that this wonderful area that has so much to offer, has not attracted more of the young people to stay? It is the young people that provide the great asset ultimately for the strengthening of the State and of the Nation.

We would like to hear from them today and from others as to what it is that they want, what it is that bothers them, in terms of their present environment here in the Midwest, in the heartland of America.

Our first witness is Dr. Robert Morrisey of Briar Cliff College, Sioux City, Iowa. He represents the mid-America association of colleges, and I understand that Dr. Morrisey, along with student leaders Bruce Nolop and Tim Barry will be with us today.

I might add that I notice that my friend, Sentor Miller, always gets good representation from Iowa wherever we are. Senator Allen is just about ready to whisper to me, do you think he will have an Iowan testify when we are down in Alabama?

From what I know, I think that will most likely happen.

Dr. Morrisey, would you like to proceed?

STATEMENT OF DR. ROBERT J. MORRISEY, BRIAR CLIFF COLLEGE, SIOUX CITY, IOWA, REPRESENTING THE COLLEGES OF MID-AMERICA

Dr. MORRISEY. Thank you. On April 23, 1971, President Everette Walker of the Colleges of Mid-America, Inc., requested by memorandum that all 11 colleges in the consortium participate in a study of their prospective graduates for the purpose of presenting pertinent information to this subcommittee.

Prior to that memo, I was asked to design a questionnaire, analyze the data, and prepare a report for this meeting.

Primarily because of the time constraint, only five colleges were able to return completed questionnaires to me by noon yesterday. The five colleges represented in this preliminary report are Briar Cliff, Buena Vista, Huron, Westmar, and Yankton. From the correspondence I received from these colleges with the questionnaire, I would estimate that only half of the prospective graduates of these five colleges are represented in these data. One probable source of bias which has been noted is an apparent under-representation of education majors. This is the time of year when these people are off campus fulfilling their practice teaching requirement. Many could not be reached in time to complete and return the questionnaire to me.

My point here is that these data cannot be said to represent the responses of all the graduates at these five colleges, much less the consortium, and the region.

On the other hand, we do have responses from 316 seniors who have provided much data. I feel these are worth noting at least in this preliminary form of analysis as long as the above caveate is respected. Further analyses may be done if more study indicates that the data are representative enough to warrant it. If such analyses are done, I will see that the subcommittee is provided that information.

The results are as follows. Question 1: Where is your home of permanent residence? I will not read these all the way down because I realize you have copies.

Senator Humphrey. We will include all of this material as printed in your statement in the record and also we would like to suggest that any further material that you receive or any further information as a result of your questionnaire be made available to the subcommittee to be included along with your testimony.

Dr. Morrisey. I will do that.

Response and percentage to question 1: Iowa. 57.6: South Dakota 15.4: Minnesota 5.8; Illinois 4.9; Nebraska 3.5; New Jersey 3.2; New York 2.9; Massachusetts 1.6; Pennsylvania 1.3; other 3.8.

Question 2: Where did you live immediately before you began attending this college? Iowa 53.4; South Dakota 13.4; Minnesota 7.7; Illinois 5.4; Nebraska 4.8; New York 3.5; New Jersey 2.6; Massachusetts 1.9; Pennsylvania 1.3; Other 6.0.

Question 3: Where will you be living immediately after you graduate? Iowa 45.1; South Dakota 12.2; Illinois 5.4; Minnesota 4.2; Nebraska 3.8; New York 2.6; New Jersey 1.9; Massachusetts 1.3; Other 23.5.

Question 4: Where wold you prefer to live? Iowa 25.3; Colorado 9.0; South Dakota 8.0; Minnesota 5.4; Nebraska 3.8; Arizona 3.2; Illinois 2.2; New York 1.9; Massachusetts 1.8; other 39.4.

Question 5: Why? Friends and/or relatives are there 22.0; job opportunities are better 12.3; climate 11.7; less crowded living conditions 9.4; recreational opportunities are better 6.3; cultural opportunities are better 5.7; less land, water, and air pollution 4.4; higher salaries 3.9; lower cost of living 2.4; other 21.9.

Question 6: What do you intend to do after you graduate? Work 70.5; do not know 6.0; service 5.8; drop out for a while 1.4; other 16.3.

Question 7: Do you have a job secured at this time? No 72.6; yes 27.2; no response 0.2.

Question 8: Your age: Twenty-one, 40.6; twenty-two, 32.0; twenty-three, 6.7; twenty, 3.8; twenty-six, 3.2; twenty-four, 2.6; twenty-five, 2.2; twenty-seven, 1.9; thirty-six, 1.9; other 5.1.

Question 9: Your sex: Female, 53.0; male, 47.0.

Question 10: Married: No, 65.6; yes, 34.4.

Question 11: Children: No, 74.9; yes, 16.3; no response 8.8.

Because of the lack of time I was not able to analyze these data much further than what has been presented here. I think it pertinent to point out that four Eastern States are in the top nine represented by these students. About 9 percent of the students come from those States.

Although Iowa is represented by about 55 percent of the students, only 45 percent plan to live there after graduation. In general, it appears that the students seem to plan to live somewhere other than their home after graduation. This became even more evident when they were asked where they preferred to live. Fifty-seven different responses were given.

Even though I knew the job market was tough, I was surprised to see that only about one-fourth of these people have jobs secured at this time even though almost three-fourths are planning to work. Graduation is about 3 weeks away for most of them.

I would like to make a few comments now based on material that has been presented to you earlier in other places and which was provided to me.

In reference to former Secretary Freeman's comments: I agree with Mr. Freeman in his presentation to this subcommittee on April 29 that it is necessary to develop capacity in rural areas to provide basic education, as well as training and counseling service for all. I disagree with him, however, on the point that new community 2-year colleges must do the job. There seems to be a sufficient number of institutions of private higher education, and public, in this area and it would seem financially wise to support these rather than create new community colleges which would be more expensive. The concept that community colleges must perform this task is too rigid, wasteful, and expensive. Many existing institutions, both public and private, are performing these tasks of basic education, training, and counseling, and many more are capable of providing them, and are willing to provide them if only the proper forms of assistance would be made available. These tasks are not the unique doman of only one kind of institution. They can be performed by many.

I suspect that our situation here in Siouxland is not unusual; there surely must be many rural areas of the country where new institutions of higher education are not needed but where new approaches to such education are necessary.

I would like to refer again to former Secretary Freeman's presentation and his comments on a new national and regional planning network, and I would like to contrast what he said with that of William Guy, Governor of North Dakota, in his presentation on the same date. The comments of both men, I feel, are pertinent to national planning of higher education.

Freeman's plan, I think most metropolitan planners would agree, is badly needed and offers much potential for orderly national growth and the settlement of many problems caused by imbalances in the distribution of our population.

I would like to call the subcommittee's attention to the fact that Guy's position seems to be laissez faire on this matter. He stated that certain cities should not be designated growth centers and that every city and village in rural America has the potential to be a growth center. It appears to me that he is supporting current policy and the past practice which got us into the position we find ourselves today, and from which we hope to be extricated.

It is my position that higher educational services should be included in the national planning which Freeman proposes. Consortia like the colleges of mid-America are numerous today, and they are bringing regional planning to higher education. Most States now have higher education commissions which consider planning to be part of their bailiwicks. A national planning network is now needed to pull these individual efforts together into a team.

And finally, a pertinent article appeared in last Sunday's Des Moines Register (May 2, 1971, page 1T, column 8) which I think probably depicts a typical situation in professional education in this region and other sparsely populated regions of the country. I believe the following excerpts should be included in the records of this subcommittee:

> IOWA CITY, IOWA.—Nineteen of the 129 medical students scheduled to receive their degrees at the University of Iowa next month will stay in Iowa for their internships.

I repeat, 19 of 129.

> The other 110 will go into internships elsewhere, which means, if past trends continue, that 80 percent of them will not return to Iowa to practice medicine.
>
> Brightwell—a senior medical student—said a poll of seniors indicated seven have internships at Broadlawns Polk County Hospital in Des Moines, 11 have them in Iowa City hospitals and one is going to intern at Cedar Rapids.

Mr. Jerry O'Sullivan, Sioux City councilman, has informed me that Mr. Sidney Slater, an administrator at St. Vincents Hospital in Sioux City, told him that probably none of these interns come to Sioux City hospitals because we did not have the variety of cases to attract them. In other words, we do not have a sufficient variety of specialists here now to serve the patients who need them. The patients have to go elsewhere, and the interns follow them.

To return to the article:

> Recent studies show the location where a physician practices correlates most closely with the location of his postgraduate studies. Unfortunately, the selection of a location in Iowa is not great.
>
> Where a forced retention policy has been tried, it has never been successful.
>
> Officials at the University of Iowa estimate that about 35 percent of the medical college graduates remain in the State.

There is also available a study done by the University of Iowa which roughly corresponds with the results and confirms this outmigration of medical students.

Gentlemen, I appreciate being allowed to present this material. I hope it will be of some help to you in your efforts to solve the problems surrounding rural development and in influencing a national growth policy. I am certain that all of us who reside in rural areas especially value your labor.

Thank you very much.

Senator HUMPHREY. Dr. Morrisey, we thank you for your statement. I think it would be well now before we ask you any questions or interrogate you, if we would hear from our student witnesses.

We welcome you, Miss Berry.

Miss BERRY. Thank you.

Senator HUMPHREY. And, gentlemen, while you were here first, I think that in light of old-fashioned sentiment and new respect for Women's Lib, we are going to ask Miss Berry to lead off. Is that agreeable?

Would you like to make your commentary now? Give your full name and the institution that you represent.

STATEMENT OF MISS ROJEAN N. BERRY, DAKOTA WESLEYAN UNIVERSITY, MITCHELL, S. DAK.

Miss **Berry**. My name is Rojean Berry and I am from Dakota Wesleyan University in Mitchell, S. Dak.

When Terry called me and asked me to make testimony on urban and rural development, my first thought—he said the topic would be why so many students are leaving the mid-west and first of all, I would like to say that I do not plan to have the mid-west. I do like it here and I do plan on staying. Probably because I hope to help make the Midwest a better place to live. But it is difficult to ask some of my fellow friends, at Wesleyan, why they plan on leaving or why they do not care to stay in South Dakota or even in the midwestern area.

Of course, their main reason was the opportunities that exist here are not perhaps what they really would like.

Also, I think that perhaps one of the main values that we in the Midwest have is lack of pride in our area and I think this is where we really need to develop it in gaining it so people not only want to come here but when they do get here they enjoy themselves and do have this feeling and a desire to really be—to be here and feel accepted.

Another area which I think is very important is in our education. Being an elementary education major I think, well, last fall as a student I went to one of the schools in Mitchell and I think the main place where we had problems was in communicating with our parents because they were not educated to some of the new educational systems and this goes along just because I think a lot of people in South Dakota are very conservative and until they can be educated, not saying that we want to change because the change needs to be done but tell them why this change needs to come about.

For instance, in the nongraded school system. Why do we need to have a nongraded school system, because it helps perhaps in creativity in our students and not just say we need this change because it is going to make our South Dakota better, but tell them how and why and how it can make it better.

Therefore, I would say just in educating our rural citizens to the needs in making the Midwest better. And, of course, my first thing was I think just having a lot more pride in what South Dakota does already have to offer.

Senator **Humphrey**. Miss Berry, it would be very helpful to your representatives in Government, and I think to your fellow citizens, as we seek to educate one another or communicate—that is what education is all about—if we could find some way to know just what is it that new young Americans want in terms of where they live?

I know, for example, that one thing they want is peace, to be sure, and I know that they would like in the broader terms social justice.

When we get right down to what is it that you would like? What kind of an environment would you and your contemporaries like to have? What is it that would entice you or influence you and your associates of your age group to want to remain in South Dakota?

Do you have any commentary on that?

Miss **Berry**. Not right at this moment. I do have some ideas.

Senator **Humphrey**. You think about it for a while. When we come back to you—just let your mind whirl on that for a while.

This is Mr. Nolop. Bruce Nolop. Would you give your education and institution of learning?

STATEMENT OF BRUCE NOLOP, PRESIDENT, STUDENT ASSOCIATION, UNIVERSITY OF SOUTH DAKOTA, VERMILLION, S. DAK.

Mr. **Nolop**. I am Bruce Nolop, University of South Dakota. This past Sunday——

Senator **Humphrey**. What is your title?

Mr. **Nolop**. I am student association president here. This past Sunday I had the opportunity to attend a federation meeting of the South Dakota Student Body Presidents in Pierre, and while there I brought up as a topic of discussion the fact that people are leaving rural areas for the purposes of this hearing today. And many of my comments are the consensus that the group reached concerning this very crucial problem. I think as Senator Humphrey said, it must be analyzed in terms of what the problem is and possibly some suggestions for improvement. We found the problems to be somewhat the following. First of all, the obvious one is the lack of jobs and this, of course, it seems quite evident, is in the fact that many students will have to take less pay, may not be able to find the occupation they desire in the area of the Midwest.

But other areas also present problems, including the cultural and services provided in South Dakota, and these other Midwest areas.

We find that people living in this area do not have the cultural advantages that you would find elsewhere in the United States. They do not have the opportunities for theaters and even the movie theaters have 2 to 3-year-old movies showing on them.

You do not have the nightclub atmosphere, do not have the social life which can guarantee a good life for those, in addition to the service provided also by Government and other education agencies.

Also education as Miss Berry pointed out, seems to have somewhat of an inferiority to some other areas around the country. There seems to be a lack of government services. The agencies of the government, especially municipalities, do not seem to come up with solutions to the problems of the Nation. This is another reason people leave.

The third reason again is a somewhat obvious one and that is the climatic conditions here. We find that South Dakota is competing with many areas, many of which can provide climate of a regular kind in contrast to South Dakota's 110 degrees in summer and 30 below in the winter, and I think many people feel the development of places like Arizona, Colorado, Florida, California, these other places, with somewhat moderate climates are somewhat appealing to the persons here.

And finally, we think it is a problem for the people of South Dakota that I think they are more conservative by nature than can be found elsewhere and are more likely to resist change and I think as these hearings will show, change is the thing that is needed, and many people are not as responsive to change and as Miss Berry pointed out, tend to resist more often the changes taking place.

She brought out the example of education system where the resistance is there.

We have come up with a few suggestions for improvement we felt might be able to help these areas. The first one we felt, would be the development of a few large cities. States which have a few—let us say even Nebraska, which has Omaha and Lincoln—are able to provide some of these cultural and service opportunities which other States provide. Just simply having a large community located somewhere in the State can help alleviate some of these problems in rural areas. Some places such as Sioux Falls and metropolitan areas are a definite asset to the Midwest. But while we are building up these large cities and trying to have a few metropolitan areas we must see that we do not eliminate the advantages which are already present in South Dakota.

We did not feel that industry was the answer, that simply bringing in industry for the sake of more jobs is not what is desired by South Dakotans. The advantage of South Dakota and the advantage of this Midwest area are the environmental conditions to a degree and if industry is brought in and any type of opportunities are brought in, they must not subtract from the already various advantages present here.

And we especially wanted to point out we do not feel that crowding our people into these cities and trying to provide the high-rise complexes is the answer either, that while this development should take place it should be well organized and planned development.

The next point we brought out was the lack of leadership in the State. It seems our State legislature and some of the leaders of the State are bogged down in some of the past tradition. We need an influx of new leaders, people who are willing to make changes and willing to present new ideas.

In this regard I think that the idea presented by Senator Humphrey is pertinent, the idea concerning having young people to have an opportunity especially in metropolitan government, to have internships to find out exactly how government policies are made at a young age, which will permit them to stay in this area to answer some of the problems, and once we come back to this area, try to come up with some of the answers to these questions.

Finally, I think we are going to need money. We are going to need money to support some of these services. For example, it was pointed out the number of medical students who are going to be leaving the State. I think the fact that persons can achieve the same type of medical services which they cannot find elsewhere, for example, many areas have one doctor covering a large rural area and this is a definite problem. Although Miss Berry mentioned we need priorities we also need new resources. We have got to do things pragmatically also and we are going to need some type of Federal funding wherever this money is going to come from, some type of supplement to provide the services for the people in this area.

These are basically the findings that we reached at this meeting.

Senator **HUMPHREY**. I surely want to thank you, Mr. Nolop. May I just say again because of your role of leadership of the student association you could perform a very valuable service by taking this particular point that you have made now, I mean this initial presentation, building on it, asking through the student association to give us more of their ideas in greater depth.

I will come back to you.

The next gentleman is Mr .Tim Barry. Tim, where is your school?

STATEMENT OF TIM BARRY, BRIAR CLIFF COLLEGE, SIOUX CITY, IOWA, AND PRESIDENT, STUDENT GOVERNMENT ASSOCIATION, COLLEGES OF MID-AMERICA

Mr. **BARRY**. Sir, I represent the Colleges of Mid-America Student Government Association. I am president and I personally attend Briar Cliff College, Sioux City, Iowa.

Recently I attended a meeting at Southwest Baptist College where we tried to bring in all of the student body presidents of every small college in the Midwest to talk about common problems. The initial problem we encountered was one of communication. I think that is basically the problem that we are having in the Midwest today.

First of all, I think my presentation more than my two colleagues, would be more of what I would like to see, more than what actually is.

Basically, I think the first thing to do is sit down and analyze our problems. I think that is what you gentlemen are doing. That is what I hope my role is. Yesterday you attended a meeting at Le Mars, Iowa, if I am not mistaken. In Le Mars is a small college called Westmar College, part of our consortium. I would like to see you gentlemen after you analyze your problems, possibly give money back to small colleges and let them research the community problems that they are having in the rural areas as well as the rural areas around them and possibly in bringing together all the integral parts of the college community as well as the community itself, the farming community, and the hinterlands, you will possibly bridge the generation gap, talk about common problems, and yet in return you will receive a feedback.

I think that would be possibly one way that you could alleviate a lot of the problems I think involving especially farming communities and in our particular situation would be very apropos to solid communication.

Often colleges in our part of the country do not have the communication with the actual people in the cities and the towns that they should have, and at least it has been to my knowledge, in the past when Government funds have been given to study rural areas, they have been given to major State universities and often as in the case, say, like the University of Minnesota, Minneapolis, or Wisconsin, with Madison, these are urban areas and the people do not get out and meet the farming community, or meet the small town businessman who is the core of the community, the civic leaders, Boy Scouts, et cetera.

So, I would feel that possibly communication can be gained through this.

Talking about my own individual situation, I have accepted a job here next year in the Midwest, but I am one of the few, as Dr. Morrisey pointed out, that do have a present position. I think seniors in college—people are really facing an awful crisis because if there are not jobs the only thing to do is not to take a job or to go on to graduate school, a big hole so far as finances are concerned, and continue your education hoping that 2 years after your master's degree has been attained there are job openings.

Well, in the Midwest we do not have a huge number of graduate schools. On the east coast, west coast, they have got graduate schools in practically every university. Iowa has a lot of small colleges but several of them do not offer graduate programs. We have to go to Iowa or Iowa State.

Well, possibly we find the problems there that we find in our own schools and we go outside the Midwest.

I would agree with Bruce when he suggested the social and cultural aspects of the Midwest and I think that the colleges are a representation of learning and learning is where everything is at, to say, and learning involves cultural and social aspects as well as the academic environment.

Possibly through government funds the colleges can become a place of social, cultural, and academic endeavors. As they are now they are just more academic areas than anything else. So possibly I am asking for more money, I guess, more than anything else, to develop these programs and I am sure they have been brought up before but I feel that in my role of representing 10,000 students in 10 colleges that I have had to say this because I have a communications problem with them as much as you are having with me.

We have to sit down, we have to analyze our problems, draw up priorities and then move from there.

I do not know if this has made any sense but this is my statement.

Senator **Humphrey**. I think it has made a lot of sense. We are very grateful to you.

Let me just start off here and then I am going to yield to Senator Miller and Senator Allen. Just a couple of suggestions.

We are in a dialog here and we are not in an argument. We are just visiting.

I think it would be very helpful from the three of our young student leaders, when you go back to your Midwest association, your consortium, if you could kind of put down somewhere, after careful discussion, the pros and the cons, No. 1, what is it that young people really want in terms of the elements of the criteria or the characteristics of where they are going to live? What would you like to have? What is your idea of a community that would fit your needs, the economic needs, the social needs, the environmental needs.

I think this is where we really ought to start because quite frankly, an awful lot of people we have talked to are not going to be around here long. I have been sipping on Geritol in the hopes that I would last for a little while, but I think that the truth of the matter is that we need to be looking at all of this problem, particularly the problem of what we call national growth policy, in terms of what young people have in mind, what kind of a country do you want, in terms of its population distribution? What kind of country do you want in terms of economic opportunities? What kind of country do you want—how would you like to have it in the community where you would like to live, in terms of social activities, cultural activities, which by the way, is becoming ever-more important as all three of you have emphasized, and has a great deal to do with your judgments.

Then after you have kind of gotten down the ideal community, what you would like, then ask yourself what are the assets that we have in these areas that you are familiar with? Some of them have been stated here. There surely is space, and, of course, one way that you get to appreciate the assets you have is to go some place else to find out what they are up against.

What are the positive values in Nebraska, Iowa, South Dakota, North Dakota, this great hinterland of Kansas, into Wisconsin, the Minnesota area, et cetera? What do we have to offer that you would like? What do you consider to be assets? What you consider to be assets may not be for someone else, but what do you consider them? What do you consider the liabilities? What is it that we have to overcome even if you had the money, and how would we do it?

Now, I really believe if we could get our young student leaders to concentrate on this, we would be getting off the die here and starting to move in the right direction.

What worries me about what we are doing is that I am afraid we may be doing what we think we ought to do at our age and what I am more interested in thinking about is what you think we ought to do and we act as your agents, because in this sense we are in power and this is a part of the problem between the generations, one that is coming up and one that is in.

By the way, it is not unusual. It has always been this way. I was always shoving the fellow ahead of me. So, do not worry too much about that. Just come up with your ideas.

Now, I have a question at this point for Mr. Morrisey. I want to just pick up on the community college point of view.

I understand your interest in the private college and I have been a teacher in a private college and a very good one, Macalester College, so I have a key interest in the needs of our private colleges and also the great State universities. So, I have been on both sides.

Mr. Freeman spoke of the community college because it gets to so many more people. That is what he was getting at. And the point that I thought was somewhat—I have to take somewhat exception to was when you talk of a community college being rather wasteful and expensive I gather in light of the facts there are so many private colleges than there are public colleges today.

I am very involved in community colleges. It is one of the best ways to get a good education at low cost and particularly for urban centers. I am not so sure that the community college offers everything that we want for some of the rural community development. It is your view that you have at the present time if properly used, adequate higher education facilities to meet the basic needs of the educational requirements of people in the midwest, in your area, represented by your consortium?

Dr. **Morrisey.** I think so. Of course, the studies have not been done. Data is not available to say definitely that the colleges that are currently here are meeting all the needs of the area, but it seems on a nationwide basis, in light of the job situation for college graduates, that, I think, it would only be fair to the taxpayers to be very careful before we embark on more institutions of a similar nature.

I do not—I did not intend to give a blanket condemnation of community colleges. I do not think my words say that.

Senator **Humphrey.** No.

Dr. **Morrisey.** Nor did you say it, either. I think community colleges do indeed serve a useful purpose. I am a transplant Kansas Cityan. I have been in Sioux City 2 years, so primarily I am an urban person rather than a rural person, and I have observed the community college development in that locale, and I think it does a fine job.

I think the need for these types of colleges, though, is in the vocational, technical area. I think these are the kinds of trained people we need today.

Now, I do not say this at the same time saying people should not be liberally educated also, but I think we are reaching a point in our national needs for higher education where the liberal arts degree perhaps is becoming somewhat emasculated, useless.

To me liberal education is now getting to a point where it is a life-long endeavor. It is not a thing for which you go and get a degree and then stop. I think the proper approach at this point is vocational, technical training to prepare people for jobs, liberally educate them at the same time and have the liberal education as well as their professional education continue on through life. I think those who are professionals in continuing education, especially in urban areas, have been saying this for many years.

Senator **Humphrey.** I appreciate that philosophy. I tend to agree with it. I think we have got "diplomaitis" and the young lady, Miss Berry, was talking about restructuring of our education system.

One final thing. You commented about these studies made of medical schools. For example, the one from Jerry O'Sullivan—this is the Sioux City councilman—where you said, "recent studies show the location where a physician practices correlates more closely with the location of his postgraduate studies."

We have some sort of feeling that postgraduate studies have to be conducted in the medical field—I am not a medical man except as a pharmacist, but we have had a feeling that it had to be in the big general hospitals or the big hospitals because you have the variety of cases. This particularly for specialization.

Have we not arrived at a point now where we ought to begin to think in terms of the general practitioner, the paramedical personnel? My contact with a number of the top medical people at Mayo, for example, in Minnesota, is that a substantial percentage of the cases that come to a doctor could be handled by persons who are less than what you might call Harvard Medical School trained, that they could be handled by general practitioners and persons who are primary medical officers, competent nurses, pharmacists or the primary medical people plus the use of closed circuit color television.

There is an experiment which you might be interested in certain communities in southern Minnesota. Some of my colleagues may remember we met a man from Dundee, Minn., yesterday, a small rural community. It has a primary medical officer in that town and through closed circuit television he is able to communicate between the medical center where there are the top medical personnel. If the patient requires further medication, further assistance, you have a type of mobile ambulance service.

I am sure that when we are all through with this miserable mess in Vietnam that we ought to be able to have enough helicopters and helicopter pilots to be able to provide sufficient transport to take care of our people.

Have any of your people in the academic community given thought to this?

Dr. MORRISEY. I think we are of one mind on that, Senator. I am not an avid reader of medical education. I do come across literature on the special education in the medical area along with other higher education literature. I am very much a proponent of the entire medic idea. I think the medical profession is starting to move on this as you indicated with several examples. I think they do have a long way to go. I do not take issue with paramedics; I think they could be used to greatly alleviate the medical problem in the rural areas.

Senator HUMPHREY. Senator Miller?

Senator MILLER. Thank you, Mr. Chairman.

Dr. Morrisey, and students, I enjoyed your testimony very much. I might say, Tim, that is it not unusual for a witness to appear before a committee and ask for money. But I would like to suggest this to you, that about the best we can ordinarily do is provide what you might call seed money. The bulk of the money that is going to be used for the purposes you intend is going to have to come from the State and local and private level. That is one reason why we have this concern—and I have been long concerned—about economic development in rural areas.

I thought Bruce made a very good point. I am quite sure you would not come out against economic development, but it appeared to me you warned that when we have industrial growth to provide job opportunities, we should be careful in our growth policy that we do not destroy the values of the rural areas. Is that correct?

Mr. NOLOP. Yes.

Senator MILLER. That is something about which we have to be very careful, although at the same time I think we have to reconcile ourselves to the fact that we cannot have all of our cake and eat it. We cannot have new plants with opportunities for our younger people to build a future without having a certain amount of waste materials but we do not have to go whole hog and end up with an environment that is just cluttered up with pollution and congestion. I think that is another point you were making.

Now, I am a little confused, Dr. Morrisey, in a way. I find that in your survey in answer to your question, why you would prefer to live in certain areas, only 12 percent said they wanted to live in some State because the job opportunities were better.

When you total up the given reasons of less crowded living conditions, recreational opportunities are better, and less land and water and air pollution, you are talking about 20 percent. Thus 20 percent of these young people in your college group, with the modification that you gave us at the beginning, are thinking more in terms of good living than they are in terms of jobs.

Now, I am a little confused on that because the implication is college graduates do not have to worry as much about jobs and, therefore, they are thinking first about good living, so to speak, figuring that the jobs will come along.

I am wondering what it would be like with respect to over half of our young people who cannot afford to go to college. I have a feeling that they might think of jobs first, whereas your college graduates who have a better opportunity to get jobs might put that second.

I hope you will carry on your survey because it is this kind of information that is quite revealing and I hope we can get similar surveys from educational groups around the country. It will be interesting to see whether or not they come out about the same way.

Now, finally, I must tell you that this is a subcommittee of the Senate Agriculture Committee. I do not know of anyone up here this morning who is not deeply interested in education. I, too, had the privilege of serving on a college faculty and, like Senator Humphrey, I have been long interested in education and put in a plug for it every chance I have.

But our committee and this subcommittee does not have jurisdiction over education. What we have jurisdiction over are specific bills such as, for example, a bill to improve farm credit or a bill known as a revenue sharing for rural development.

Now, this may seem a little far removed to some of you, but if we can have some inputs along these lines so that the agricultural sector of our economy does grow and improve and the smaller communities will have these various aspects that Senator Humphrey talked about at the beginning of the hearing, I think we are going to have economic growth. We are going to have cities like Sioux Falls expand, not to become megalopolies but to become more viable larger communities, just like my home town of Sioux City. It is this kind of specifics that our committee is looking for because we are going to have some legislative proposals that I hope we can get passed and make some progress on.

It has been too long since we have been able to get legislation calculated to do this. We have not been sharing fairly in the national dollar. There has been too much attention to the cities. I do not say the cities should not have attention but it has been to the exclusion of the rural areas. I remember Secretary Freeman about 3 years ago testified before one of my committees and he was complaining about the fact that so much of the poverty funds were going to the cities when half the poor live in the rural areas of this country.

So, I think this subcommittee's day has come and I thought I would point up the jurisdiction of this subcommittee because much as we are interested in education, I would not want you to get the idea that we are going to go back and turn out of the Senate Agriculture Committee some kind of an educational bill. We cannot do that, although I am sure that all of us will have an input to our friends on the Education Committee.

Senator HUMPHREY. Thank you very much, Senator Miller.

Might I follow up Senator Miller's suggestion under a survey with your college, and I thought you made a very valuable and important point. It might be well if you could, through your college work, make your survey as to where young people want to live, why they want to live there, or why they do not want to live there, at the senior high school level because most young people get to the senior high school—not all, because there are a lot of dropouts before they get that far—but everybody who goes to high school does not go on to a college. Therefore, we get a more valid sample. Do you see what I mean?

I think Senator Miller made a very good point when he noted that in college graduates there may be more confidence about the fact of getting a job, at least when you graduate from college. Life may upset that a little later on and there is more emphasis on the quality of life rather than just the standard of living, which is surely commendable for the college students.

But let us see if we cannot broaden the sample a little bit. We would like to ask you to do it.

I make one other observation. While the Senator from Iowa said there has been much emphasis on the cities we do not want anybody to think for a minute that we are antiurban. To the contrary, the urban crisis and the urban problem are two sides of the same coin. One side is the urban crisis. The other side is the problems of rural America. But we were in Sioux City yesterday and one thing that Senator Miller pointed out to us with great pride was the fact that an area that used to be flooded regularly today is a highly developed industrial area of the city in which there is income and jobs, in which floods no longer take place. Why? Not simply because they put dikes at Sioux City but because of the Missouri River development plan upstream, the reservoirs, the diversions. So that the floods that moved down on Sioux City year after year in the fifties and particularly destroying millions of dollars of property, taking lives, no longer take place. And it is not because of what they did at Sioux City per se, but what they did up along the Missouri River and the reservoirs all the way up.

That is what we are talking about here. The floods of people, the 22 million people that spilled into our cities in the last 15 years, many of them unskilled, illiterate, many of them coming from rural societies with no understanding of urban life at all, going to a city that is impersonal.

That is like the flood. That is the inundation of humanity upon the social services, the physical plant of the city, and we are out here to go upstream, if you get my analogy. We are out here to see what can we do upstream, so to speak, in the towns of a thousand, 500, 5,000, 10,000, farmers as such, rural America, what can we do to hold back the massive tide of humanity that could engulf the great metropolitan areas, and in a sense not only hold back but lift up to make it better, because South Dakota is much better because of the Missouri River development, much, much better.

Senator Allen?

Senator Allen. Thank you, Mr. Chairman.

Dr. Morrisey, I was very much interested in your testimony and the testimony of our student leaders, and certainly it is quite apparent that the attitudes of the people here in this area regarding rural development are so different from the attitude of people down in my State, the State of Alabama.

Certainly, this problem has no sectional lines. It is a problem that faces the entire Nation and certainly it is more acute in the rural areas, but it is a problem that affects urban centers as well.

I was interested in some of your statistics, and I suppose you can prove any sort of thesis with statistics, but I was just wondering if you considered your question, question 4, "Where would you prefer to live," as being an abstract question or whether that question applied with conditions as they are? Would you feel that that question elicited an answer as to an abstract State under ideal circumstances, with job opportunities available?

Dr. Morrisey. I think it was answered in various ways by the different students, Senator. I listed here only the most common responses. There may have been 30 or 40 responses to this question. I do not have the data here in my hands.

Some students answered things like Communist China, Belgium, anywhere outside the U.S. Obviously, some of them took it less abstract than that and thought in terms of a job, raising a family, climate, etcetera, and considered their answers very carefully.

So the question perhaps is not the best in that sense in that it was abstract enough that it could be interpreted both ways.

Senator Allen. I was interested to note, too, that students living in Illinois, New York, and Massachusetts, that there were more who live there than stated that they would prefer to live there. So, it is quite obvious from that that the students who answered the questionnaire are not interested then—they do not prefer to move to the big cities. Would you reach that conclusion from those answers?

Dr. Morrisey. Well, no. I think I would not, Senator. I did not have time, as I explained in the text, to study this data as well as I might and I share some of the confusion of the subcommittee on the answers here, but it seemed as I look down the list here that students just did not prefer to go back where they came from, in general, whether it was a rural area or an urban area. They wanted to go somewhere else.

Senator Allen. Well, it is true that the State of Colorado is not listed at all as having students there, but yet 9 percent of those answering said they would like to live in Colorado. Is that the "big city" for this section of the country?

Dr. Morrisey. I found that interesting, too. I did admissions work in college for 3 years here in the midwest and I did get out to Denver as well as covering many areas here. I think Colorado has an advantage over many States in that it has a kind of romantic image. People think of the mountains, clean air, et cetera, and they want to go there. You go to Colorado and those students want to go elsewhere, too, though.

Senator Humphrey. That is a good healthy attitude. I went to school in Colorado and I want you to know it is beautiful but we had the Governor up there and he does not want too many more people. [Laughter.]

Senator ALLEN. I want to ask Bruce a question or two, if I may. Thank you, Dr. Morrisey.

Bruce, I was interested in your testimony and certainly what you suggest would be an ideal situation to have a big city with the advantages that might come from it, still preserve the countryside, the rural areas. Do not bring in any industry to create jobs but still maintain these services and bring in more money from some unidentified source.

This, it would seem to me to be the ideal situation in the abstract, but starting with your suggestion of a big city in South Dakota, I will not ask which city you would suggest become a big city but where would these people come from—South Dakota, rural areas of South Dakota, or outside of the State?

Mr. NOLOP. I think they would come from both areas. You would have some who would, of course, migrate within the State and some would come from elsewhere, and to clarify my point, although you mention it would be an ideal State to bring in or build up a State without industry, I do agree that there has to be some type of industrial development.

What I meant was that catering to your industrial development, to the needs and advantages of South Dakota, in other words, select that industry which will capitalize on the atmosphere, will not detract. Do not bring in some industry that does not have any relevance or corelationship to South Dakota simply to bring in jobs. That is no purpose for the quality of life you want to provide for the people here.

That was my main point in bringing that up.

Senator ALLEN. But if the people move from the rural areas into the big cities of South Dakota, would that not further compound the problem that we see in the needs of developing rural America?

Mr. NOLOP. I think rural areas—I think the entire State of South Dakota would be considered a rural area and that the development of the State would be the development of the entire area per se, that by having a large city also you are going to improve the benefits to be gained living around that area.

For example, a person could live in a small town outside of a large city and if he wants to go in for some of the advantages, let us say, the weekend or something, he has that opportunity available. As it is now, a person has to drive possibly to Minneapolis to see a major league baseball game. 300 or 400 miles you have to drive. It is a definite disadvantage.

I think it would just increase the benefits to be gained by living in the entire area as a whole.

Senator ALLEN. What size would you suggest would be ideal?

Mr. NOLOP. I am not talking about a Los Angeles or something like this. I am just talking in terms of as I point out, 100,000, 200,000, even 300,000 population city. A city large enough to provide the advantages that we think are necessary.

Senator ALLEN. Well, now, that is almost half the population of South Dakota, is it not?

Mr. Nolop. Well, yes, but I would assume that the purposes of this committee also would be to change some of the demographic conditions in the United States and that South Dakota would anticipate a large population in general, so what might be half the population of South Dakota now would be in future years be approximately the same percentage as it is now per city population.

Senator Allen. Would not that more or less make of the rest of South Dakota suburbia rather than rural? Would that not have that effect possibly?

Mr. Nolop. I do not think so. I think South Dakota has enough expanse that we do not quite have to be megalopolistic. I do not think that is indeed involved.

Senator Allen. Thank you very much.

Senator Humphrey. I surely want to thank you very much, Mr. Nolop, and Senator Miller was just whispering to me that he thought you had a very valid point and we appreciate it very much. I had hoped that between now and our bicentennial, or at least from 1970 to 1976, that some way or another we might develop the one or two new cities in this country that were the finest that modern technology, engineering, sociology could possibly develop as models. There is what we call the satellite complex in which you have a center city and have smaller communities around it.

By the way, you spoke of Minneapolis and the baseball team. If you can find a couple of pitchers, would you let me know? [Laughter.] This subcommittee just gives me an opportunity to move around the country to see if we cannot find two new pitchers. The Twins losing all those ball games in the eighth inning. Bad, Bad. [Laughter.] Well, I think we had better let this distinguished panel retire with a note of appreciation and thanks for the quality of your testimony and the insights that you have given to us, but you got yourselves into some trouble. You came here and you were so good we are expecting you to do better, namely, that there are some things we would like to have you follow up on for the benefit of your communities and for the benefit of this subcommittee's work, and if you will do that along the lines of some of what we mentioned here it will be helpful.

We will be back in touch with you by letter and I would appreciate it very much, Mr. Barry, in your role as the leader of the consortium of student associations, if you could bring to the attention of your student leaders what they talked about the other day and get their help. This is their country. They are going to have to live here a lot longer than any of the members of this subcommittee, and I think that it is important that they start to give us a sense of direction and a sense of evaluation of what we need and what you need, what you want, for the kind of country you want to live in and how we can handle this tremendous population of America.

I do not happen to think we are really overpopulated, you know. I think what we have is an imbalance of population. There are so many areas that can be developed in America.

Thank you very much.

Dr. Morrisey. Thank you.

Senator HUMPHREY. Now, our next witness will be Dean Acker of the College of Agriculture, in that neighboring community, Brookings, S.D., the State University at Brookings.

Dr. Acker's testimony will be followed by the testimony and the statement of the distinguished Governor of the State of South Dakota. I hope we have not violated all protocol by keeping the Governor in third position here. But you are a forgiving man, Governor, are you not?

Governor KNEIP. I certainly am.

Senator HUMPHREY. Thank you. I was worried about whether or not we were going to get out of here today.

Yes, Dean Acker.

STATEMENT OF DUANE ACKER, DEAN, COLLEGE OF AGRICULTURE AND BIOLOGICAL SCIENCES, SOUTH DAKOTA STATE UNIVERSITY, BROOKINGS, S. DAK.

Dean ACKER. Thank you, Mr. Chairman.

We appreiate very much, gentlemen, not only our State leadership but our representation in Washington and I am pleased to appear before you today representing two groups. First of all, and most importantly, the agricultural experiment station, the department of extension service, and the agricultural teaching programs of South Dakota State University, located about 100 miles to the north.

Second, as chairman of the division of agriculture of the National Association of State University and Land-Grant Colleges, it is my privilege to represent the agricultural teaching, research, and extension activities of 70 similar institutions involving probably 10,000 county extension workers, 8,000 to 10,000 agricultural faculty across the country in teaching, research, and extension, about 55,000 students that are majoring in the agricultural sciences at the undergraduate level, and about 17,000 at the graduate level.

I will divide my remarks into four areas.

I want first to describe the economic base from which we operate in South Dakota.

Second, I'll discuss our population trends and some impacts of these trends.

No. 3, I would like to describe some of the activities and leadership of our South Dakota Land-Grant University as a representative of the land-grant universities across the country.

And 4, I would like to make some recommendations for consideration by you and your colleagues.

Agriculture is our primary industry and we know that growth in any industry is not automatic.

We have limited alternatives for expanding our economic base, better prices for farm products, expanded irrigation, increased processing of farm products, and improved production efficiency and production volume.

There are, of course, others.

I would like to first turn to the economic situation in South Dakota in terms of the total agricultural production and I would like to use these charts, if I may.

Senator HUMPHREY. By the way, Dean, any of your testimony that you paraphrase, do not worry about it. We will include the entire documentation as a part of your testimony and then your oral presentation will be in addition thereto.

Dean ACKER. Thank you, sir.

This chart illustrates gross farm income in South Dakota, 1965 to the present time, increasing to a billion dollars. Our goal 5 years ago was a billion dollars gross production and it has been achieved. We have increased our gross production in South Dakota from approximately $870 million in 1965 up to and surpassing a billion dollars.

At the same time the net farm income, the span between these two lines, has not changed materially. The net farm income is the distance between the two lines on the chart. As you can see, the production expenses have increased essentially as rapidly as has gross farm income.

The spread between these two lines, net farm income was $277 million in 1965. It is $349 million in 1970.

During this span of time, as the numbers across the bottom of the chart indicate, price parity has not significantly changed, there was a slight increase in 1966, and since then a decline.

In other words, the gross farm income has resulted from not an increase in price per farm product but rather an increased volume on our South Dakota farms and ranches.

Now, I would like to turn to the population of South Dakota, the farm population specifically. The total population is characterized by the top line on the graph, the rural population by the second and broken line, urban population by the lower line, from 1880 to the present time.

Senator HUMPHREY. What do you call urban? I mean, where do you start on your indices? Where do you start with urban? Is it a community of 2,500 or 5,000?

Dean ACKER. A community of 2,500. In 1952 we had 65,500 farms in South Dakota. At the present time we are well below this. We have lost farms at the rate of about 1,000 farms per year.

In South Dakota we have less than 700,000 people, in fact, 666,000. This is comparable, in fact, a bit smaller than the total population of the Twin Cities, Minneapolis and St. Paul. There has been a loss in the past 19 years of 20,000 farms and ranches in South Dakota, production units. I do not need to tell you, gentlemen, the impact a loss of 20,000 small businesses would have on a community like St. Paul or Minneapolis.

The population in South Dakota increased every decade from 1880 to 1930. During the decade of the thirties, depression and drought caused a net loss of 50,000 people in South Dakota. Though there were increases in the decades of the forties and fifties, we have not yet reached the population that existed in South Dakota in 1930. We have not gained back what was lost during that depression and drought decade.

I would like to share with you some characteristics of our South Dakota population. Income level is an important characteristic. In 1969, South Dakota farmers had a realized net farm income of $7,721. The best estimates we have of all households in South Dakota indicates, both rural and urban, that 18 percent of these households had an annual income of $3,000 or less.

Senator HUMPHREY. That is a striking figure.

Dean ACKER. It is very impressive to us, yes, sir. About 45 percent of the South Dakota households in 1963 had an income of $4,000. I cite both instances merely to assure you that we do have data to support this kind of information. That is two out of every four families.

Senator MILLER. Are you including Indian population in those figures?

Dean ACKER. Yes, sir.

Now, I would like to tell you a bit more about the characteristics of these low income families.

Our rural sociology department at South Dakota State University using agricultural experiment station funds set out to describe and delineate the low income families found in the rural areas. We found three general types of low income families, divided in numbers about equally.

Number 1, what we call the Social Security type, average age, 71, two in the family, and a female is usually the head of the family because of health problems of the husband, because of being a widow, perhaps having a sister or mother, living with her.

Number 2, what we would call public assistance families, those getting aid through welfare. In this group the average age is 61. There are two members of the family and again the female is the head.

The third type we call simply "low income" because they receive no public assistance. In this group the average age is 36, there are five in the family, and a male heads the household.

Now, we compared the characteristics of this last group with a list of 14 characteristics commonly identified as being a part of the profile of a typical low income person in an urbanized area. The list includes high rates of unemployment, high degree of job jumping, high rates of residential mobility, et cetera. It is significant to note that 75 percent of the 120 rural families analyzed in the three-county area in this study possessed fewer than half of these "culture of poverty" characteristics and only four out of 120 interviewed were actually unemployed. Eighty-three percent were fully employed as farm managers, farm laborers, or service workers in the rural community. This means that the real problem, gentlemen, in South Dakota, is underemployment, not unemployment.

Senator HUMPHREY. Would you not say that is rather characteristic of most rural areas?

Dean ACKER. Yes, it is, similar to eastern Nebraska and western Iowa. I am very familiar with these areas. In other words, our man who is head of household cannot take time to stand in line for a welfare check. He is working. Even though his income is relatively low. And when I use the term underemployment I do not mean that they do not put in a 40 hour week. They may put in a 40 or 70 hour week. Their income is limited, number 1, because of the prices, because of business volume, both in the farm and the nonfarm community.

Now, I would like to say a little bit more about population trends, using demographic data for the State of South Dakota.

Now, let us take a look at the characteristics of the population of South Dakota for the year 1960 and the year 1970, age groupings from 6 to 9, to 24, age 25 to 64.

In 1960 there were in South Dakota 229,000 people in these lower three bars of the graph. Ten years later there are 193,000 people in South Dakota aged 10 to 24, a net loss in that group of people in the neighborhood of 37,000. Ten years later the number is smaller. But a more dramatic comparison can be made, regarding the group in the 0 to 5 age bracket. There were, in 1960, 83,000 people in this group, children from 0 to 5 years of age. In 1970 there are 54,000 people.

Now, if we think we have had problems with school reorganization and school consolidation in the last 10 years or 15 years, we have not seen anything yet. The impact on rural communities, on churches, on schools, will be utterly fantastic in the years ahead, both in the primary and secondary schools and, of course, eventually in colleges.

Senator HUMPHREY. What this really reveal is that you have a substantial drop in young married couples.

Dean ACKER. That is right, yes.

Senator HUMPHREY. Family units.

Dean ACKER. Yes, sir. Family units that provide not only the leadership and ideas, but also the next generation for the State of South Dakota.

Senator MILLER. You say there is a drop of 35 percent for South Dakota compared with 30 percent for the U.S?.

Dean ACKER. That 30 percent for the United States, sir, is not a figure that I can stand behind. We just do not have all of the population data for 1970 or for all of the States, but 30 percent is pretty close.

Senator HUMPHREY. That figure, I think, if I may be helpful, relates to a 30-percent drop in other areas that have had population drops.

Dean ACKER. That is right.

Senator HUMPHREY. There is a heavier population drop in this particular area in that age group. I have seen some of these figures elsewhere, and where other States have lost population, there has been an average of a 30-percent drop in that primary group, 0 to 5 you have taken a 35-percent drop, with another 5 percent likely.

Dean ACKER. Yes, and obviously caused by the loss of young married families.

Now, the impact on services in South Dakota, a young man who is seriously injured in a farm accident in our State is more apt to die from his injuries than a soldier with the same injuries on the battlefield of Vietnam. We have 75 doctors for every 100,000 people in South Dakota. The average for urban areas is 140 doctors per 100,000 people.

Senator HUMPHREY. Might I just interrupt to say this. Your problem in rural America is getting to be exactly what it is in the ghetto areas of the city. The 140 for the urban areas talks mainly about an average of 300 for the suburban areas and dropping down to a very low level in the inner city areas, so that you have rural America with inadequate medical care, inner city ghetto America with inadequate medical care, and suburban America with the affluence with excess medical care.

That is what is happening, a constant growing disproportion of medical services in areas of lower population in the suburban areas, high density population in inner city, fewer doctors and low population in rural America, fewer doctors.

You have got to get sick in the right place, my friends. [Laughter.]

Dean Acker. You will be interested to know that our cooperative extension service is working with the School of Medicine here at the University of South Dakota trying to develop a pilot program for a system of health education delivery to the people of rural South Dakota. It is in a planning stage at the present time.

One other characteristic that I would like to call to your attention is the transportation problems that result from the sparse population. There were, this past year, trucking firms that refused to serve some communities in South Dakota because they did not have a four-lane, all weather road. The result was the closing of some processing plants. Trucking firms know they could save 1.7 cents per mile by reduced travel time, lower vehicle cost, and lower accident rates on freeways. They also average 35 miles per hour on freeways compared to about 8 miles per hour on highways.

Now to railroads. Northwestern and Milwaukee, which serve most of South Dakota, lost money this past year. Rail line abandonment is a problem. On one main line the speed limit for freight is reported to be 12 miles per hour or less.

Senator Humphrey. I hope your Congressmen are listening and I know they are and they are very good and very able, and your Governor. You ought to just raise uncertain cain with the ICC. That outfit ought to be abolished anyway. [Applause.] That is just my personal prejudice. But you have an ally here in Senator Mansfield and a few of the rest of us. They are going to take these railroad passenger services out of practically all of our States and they are raising the freight rates and letting the trackage become deplorable. There has got to be something done about this. I am glad you cited it because there will not be any rural development without highways and railroads. You can just put that down in the notebook and just forget it.

Dean Acker. Well, if I might insert another comment that is not in the written testimony, if we had only put some of the SST money in railroads and highways for South Dakota——

Senator Humphrey. Or Minnesota. We have got to take a bigger view of this. [Laughter.] You see, I double my view.

Dean Acker. Now, the role of land-grant universities. One of our research thrusts in an experiment station is to learn how to increase the business volume. I apologize if I bring in a few items not in the testimony but I want to make a comment about some of the work at Oklahoma State, which is represented in absentia by Senator Bellmon, Auburn University, Iowa State University, and the University of Minnesota. We invest funds in trying to increase business volume of the rural communities. The crossbreeding research, the research on trying to produce twins routinely in beef cattle, increases in grasslands productivity, whether it be near Mobridge, S.D., or the black belt of Alabama, and, Senator, I would explain to our audience that the black belt in Alabama refers to the black soil in the west central part of the State, very rich and good agricultural country. I spent a couple of days down there with some of your county agents and I know they are trying to increase grassland productivity, increase beef cow numbers and beef cow productivity, to give the rural businessmen an increased business volume, and this is one of the thrusts of agricultural research.

The same is true in the State of Iowa and the State of Minnesota. The Cooperative Extension Service has been working also with nonfarm or farm-related industries and businesses. A joint project of our extension service and experiment station with the five major dairy cooperatives in South Dakota resulted a few years ago in consolidation. We did not make the decision for them. We did research studies for them. They made the decisions to consolidate and to save themselves money and return more money to their members in terms of net income for the sale of their milk.

We carry on training programs for managers and directors of cooperatives, not only dairy cooperatives but also all kinds of farm produce and farm supply cooperatives.

A total of 775 man-days were used by Cooperative Extension Service personnel this past year in helping farmers learn management practices and principles, what we would call farm and ranch management. We have a series of farmers participating in an educational program designed to increase business volume and designed to increase profitability of farming operations to the extent possible.

The Cooperative Extension Services of all of our midwestern States have been involved in community development education programs. Since 1967, when we established a Joint Research and Extension Committee, we have developed and carried out an educational program for community leaders throughout South Dakota. We have trained nearly 400 professional workers, not only extension but Farmers Home Administration, Soil Conservation Service and other community leaders in principles and concepts of community development.

We have carried on a series of educational programs, a series of evening short courses for chamber of commerce members, community businessmen. Our last project, an educational program, involved nine counties of which Vermillion is the center. This past year extension personnel participated in at least 139 community development projects all over the State of South Dakota.

Irrigation development in South Dakota is badly needed. We have an irrigation research farm near Redfield, S. Dak., on a 4-year plan of modernization, an improved research and development center which will involve all kinds of irrigation systems, water delivery, gravity, sprinkler, et cetera.

I have touched just briefly on some of the educational programs and research programs of the Land-Grant University. Now, I would offer several recommendations.

1. We recommend anything that can be done to improve farm prices.

2. We recommended that certain incentives be considered at the Federal level that would encourage farm product processing firms to move out into the more rural areas and perhaps discourage them from locating in already heavily urbanized areas. Such things as low rate loans for building plants, some immediate income tax advantages, subsidization of plant location, transportation subsidy arrangements, et cetera, et cetera.

3. Probably the most important factor in making our farm and ranch industry more efficient today would be in the area of modernizing the transportation systems. We talked earlier about rail rates. I would also like to mention that barge rates are three-tenths of a cent per ton-mile while rail rates average 1.3 cents per ton-mile and, by the way, barge rates on the Missouri for grain are presently 3 cents per bushel higher than for the same distance on the Mississippi.

We feel at a significant disadvantage here in the State of South Dakota. A rail-water service combination should be considered both for outbound freight and for inbound farm and nonfarm supplies to the State of South Dakota.

For example, in the case of outbound produce we should not look just downstream on the Missouri. It has been suggested by one of our staff members that we might look upstream, put a lock in the dam in North Dakota, send our grain to Fort Peck, Mont., and then down the Columbia River for export to Japan. With the tremendous industrial growth of Japan, they are going to use an awful lot of wheat, an awful lot of soybeans in the years ahead, and I think one of your greatest opportunities for a positive balance of trade in the United States is a fantastic growth in the exports of agricultural commodities. To do this, we need a very efficient production and marketing distribution system to get this produce to the coast. And I would like to add one item that is not in the written testimony. I would not mind moving the U.S. Department of Agriculture to Brookings.

Senator HUMPHREY. We mentioned the possibility of moving that Department out of Washington. Maybe after this last weekend they will be glad to move it all out of there. [Laughter.]

Dean ACKER. I have a very high regard for the Department but noting that Secretary Morton is considering running the Department of the Interior from Denver for a few weeks, I do not think Brookings or eastern South Dakota would be a bad location or should the Government reorganization occur and there be a Department of Natural Resources, South Dakota would be a very logical spot for that. Maybe even the Department of Community Development. Sioux Falls, Vermillion, might not be a bad spot for these.

Senator HUMPHREY. May I say in all seriousness these suggestions are not just facetious. I think there is great merit in them. I really do. I think that you offer constructive suggestions, particularly in developments so represented.

Dean ACKER. Though I smiled, it was offered in seriousness and I have watched for a decade and a half the developments in Brazil after they established the Federal capital of Brasilia out in the heartland of the country.

There are other items covered in the testimony, I would like to cover just one of these in oral form nd that is just that though South Dakota ranks, 40th among the States in terms of population and we rank 36th in farm numbers, we rank 13th among the States in the number of university students that are majoring in agricultural sciences.

This indicates to me a very positive attitude toward agriculture and rural life by the young people of South Dakota. Iowa State ranks first in agricultural enrollment, Oklahoma State ranks ninth, and the University of Minnesota ranks eighth.

We just completed a survey of the 1964 graduates of our College of Agriculture. Fifty-five percent of these are living today in the State of South Dakota. Of the native South Dakotans who pursued agriculture at our University, 61 percent are living in the State of South Dakota and are employed here.

I might offer a side comment. You may be interested in knowing that 66 percent of the South Dakota State agricultural alumni since 1964 have served in the Armed Forces of this country. Incidentally, that compares with 36 percent for the rest of the north central region, primarily States to the east of us. Apparently our farmboys from rural south Dakota appreciate very highly what it is we are trying to defend and that we have here in this country.

I have tried to describe to you gentlemen in a few moments the economic base of the State of South Dakota, population trends, and some impacts these have on our communities. I've also described the activities of the Cooperative Extension Service, the agricultural experiment stations, and the College of Agriculture of South Dakota. I have offered some recommendations. We commend your efforts and interest and we sincerely thank you for coming to South Dakota and we thank you for your attention.

Senator HUMPHREY. We want to thank you very much, and I hope you will forgive us if we do not take the time today to interrogate you on this splendid, well-documented, well-researched testimony. We are grateful.

Senator?

Senator MILLER. Thank you. I just want to add my thanks to Dean Acker for a splendid paper and most meaningful information. It will be very helpful.

Dean ACKER. If we can provide you additional information we will be pleased to.

Senator ALLEN. Send a copy of your testimony to Dr. Harry Philpot and Dr. Fred Robertson down at Auburn.

Senator HUMPHREY. Thank you very much.

(Dean Acker's prepared statement is as follows:)

INTRODUCTION

Gentlemen, I am pleased to come before you today to discuss the problems of revitalization and development of rural America. You are in one of the most rural States in these United States. Today, I am pleased to offer testimony as one responsible for the Agricultural Experiment Station, Cooperative

Extension activities and the teaching programs in the agricultural sciences of South Dakota State University—the land-grant university for South Dakota.

As chairman of the Division of Agriculture for the National Association of State University and Land-Grant Colleges I also represent the agricultural teaching, research and extension functions of almost 70 such colleges and universities.

I shall divide my remarks into four areas. First I shall describe the economic base from which we operate in South Dakota and some of the trends taking place around us in our farm and small town business communities. Second I shall try to describe for you our population trends and tell you some of the implications they seem to hold for the future of our area as well as the impact that these trends have already had.

Third, I shall describe the leadership that our Land-Grant University has been providing in area and community development in South Dakota. In this regard I shall review some of the larger problems which we are going to have to have some help with. Finally, I shall make some recommendations that I hope will be helpful, Senators, in your search for answers to some of the questions relating to the important issues to which you address yourselves today.

I am certain that some of the illustrations I provide have parallels in your home states and in most of the states that surround us and I will try to use those that I feel would be representative of the area rather than just a single state, wherever possible.

Agriculture is our primary industry. Economic development of our state and the income of South Dakotans will depend on the growth of agriculture in this state in the forseeable future.

Industry growth in a free enterprise is not automatic—it takes planning and lots of doing on the part of many people. In a predominantly agricultural state we have limited alternatives for increasing our economic base: 1. Better prices for farm products; 2. Expanded irrigation; 3. Increased processing of farm products; and 4. Improved production efficiency.

S.D. ECONOMIC SITUATION

A review of the economic situation in South Dakota since 1965 indicates that our total income from agriculture has been growing some.

Our chart shows agricultural income for this state was at $870 million in 1965, showed nearly a 14 per cent increase in 1966 and has had slight increases since that time . . . 7 per cent in 1968 and last year less than 3 per cent.

Notice that livestock is the backbone of our agricultural economy and last year accounted for 81 per cent of our crop and livestock income. Crops accounted for 19 per cent last year. The livestock-crop ratio has remained about the same over the past six years, however, the total income from livestock was up in 1970.

More important than the total agricultural income picture, of course, is the amount of money that our farmers are making.

While the total gross income for agriculture has been moving upward the actual net income has not followed that same trend. Once again our chart shows a modest increase in net earnings for 1966. But note that this level has been surpassed only once since that time—in 1969. Last year—1970—net income was back to the 1966 level. Notice that the production expenses have been increasing at about the same rate as the total gross on an overall basis. But in 1967 production expenses went up $55 million and gross income went up only 17 million and again in 1969 the gross went up only $27 million and farm expenses increased $45 million.

Since 1965 cash receipts from agricultural products in South Dakota have gone up $250 million while production expenses have gone up over $200 million.

Note then that this gross income increase has come only through more efficient units and better marketing techniques. The parity ratio (listed at bottom of chart) has remained about the same or has been dropping during this same period. Unfortunately all this work has kept the farm producer at about the same level economically.

Anyone can tell you—you can't keep anybody down on the farm under those circumstances. And we aren't keeping these people on the farms; and because we aren't keeping them on the farms we find it difficult to keep them within the state. . . . Instead they are leaving and heading for metropolitan areas. And some of them at least are adding to the difficulties, especially the welfare problem of these areas.

Farm Trends

Gentlemen; there were 65,500 farms in South Dakota in 1952. We have been losing on the average of just over 1,000 farms annually since that time. Our farm numbers have declined to 45,500 this year and based on the economics trends we talked about earlier there is no question but what the trend will continue.

That means we have lost 20,000 businesses in 19 years. Our population as you know is roughly the size of the combined population of St. Paul and Minneapolis (their's is about 800,000). *You don't need a very sharp pencil to figure out what the loss of 20,000 small businesses to those two communities would mean in terms of economic impact.*

In terms of income the 1969 figures indicate that South Dakota farmers had a realized net farm income average of $7,721. But the best estimates we have indicate that 18 percent of all our households—rural and urban—earn an annual income of $3,000 or less. Area studies in eastern South Dakota in 1969 and in western South Dakota this year indicate 18 and 18.6 per cent respectively.

A 1966 study, which is the last we have that was statewide (1970 data have not been worked up yet) also indicated 17.9 per cent of the households in the $3,000 and below category . . . and *that was a good year.*

Another survey based on sales management data which estimates effective buying power indicates that about 45 per cent of the South Dakota households had an income of below $4,000 in 1965. That's two out of every four families.

Before leaving the subject of low income I'd like to share with you some data from a small study conducted by our rural sociologists at South Dakota State University. The objective was to describe and delineate the low-income families found in a rural area.

A preliminary study revealed that we have three types of family situations in our low-income group and they are divided about equally in terms of the number of family units. We have a group getting social security, average age 71, two in the family and a female is usually the head; we have public assistance families—those getting aid through welfare. In this group the average age is 61, there are two members of the family and a female is usually the head. The third type we called "low income" because they receive no public assistance. In this group the average age is 36, there are five in the family and a male heads the household.

Since the "low income" category best reflects the normal distribution of age, and household characteristics, the remainder of the study concentrated on this group.

The characteristics of this group were matched against a list of 14 characteristics that are commonoy identified as being a part of the profile of a typical low-income person in an urbanized area. The list includes: high rates of unemployment, a high degree of job jumping, high rate of residential mobility, and a poor attitude toward education among others. It is significant to note that 75 per cent of 120 rural families analysed in a three-county area possessed *fewer than half* of these "culture of poverty" characteristics. And only *4 out of 120* interviewed were actually unemployed. *Ninety-three per cent were fully employed as farm managers, farm laborers or as service workers in the rural community.* This means that the real problem is *UNDER*employment *not unemployment* in our rural areas. It also means that if this segment of our society can't hang on in the rural areas they will surely join the ranks of the unemployed and appear on the welfare roles of places like Minneapolis when they leave South Dakota.

I think Senator that it is also significant that this study was conducted along the eastern edge of South Dakota. I'm sure you can see that there is a good possibility that this could represent the same situation which probably exists throughout much of the rural areas of Minnesota, Iowa, Nebraska and North Dakota.

While I have the opportunity I should also like to call your attention to one other fact illustrated here. Often the programs designed in Washington are meant to alleviate the problems of the low income families found in urban ghetto situations. We in rural areas often have about the same problems but the characteristics differ.

When programs designed for urban areas are superimposed onto rural areas with no consideration or flexibility to fit the specific needs of the people there is bound to be difficulties because the differences are so great. What we need here is *local control* of such programs that will allow *maximum utilization* of the resources offered if we are to get the most benefit from them.

POPULATION TRENDS

Partially as a result of our low-income situation let me illustrate what is happening to our population in this state, especially as it affects our rural areas. I'm sure the trends are similar in other rural states.

The official count of South Dakota's population as of April 1, 1970 was 666,257. This is a net decrease of over 14,000 from the number we had in 1960, 2.1 per cent decline. North Dakota had a 2.3 per cent decline. All other surrounding states showed some increase.

Let me point out that ever since the first enumeration of its population in 1870 South Dakota increased in population every decade until the drought and depression of the 1930's. The state lost nearly 50,000 persons when drought and unemployment forced midwesterners to seek opportunity elsewhere. That was a net loss of 7.2 per cent of our 1930 population. In spite of population increases reported between 1940 and 1960 *we have not yet made up that population loss*. There is little hope for achieving this goal in the forseeable future.

I have here a map showing the net migration rates for South Dakota by Planning and Development districts over the past 20 years. The top figure in each area shows the net out-migration between 1950 and 1960; the lower figure shows the net out-migration between 1960 and 1970.

Note that in the western half of our state the out-migration accelerated rapidly during the 1960's. While the trend moderated somewhat in Area IV note that even in Area II which contains our most urbanized area in South Dakota we did not reverse this trend.

In fact, if the present trend of out-migration is allowed to continue we have a couple of decades ahead of us in which the adjustments will be even more serious than they were in the 1930's . . . maybe not the next one perhaps but surely during the decade of the 1980's!

Population By Age Group

A comparison of South Dakota population figures by age group categories is even more revealing. Comparing a breakdown of 1970 figures just out from the Bureau of Census with 1950 and 1960 shows us some startling trends. Note here that the population of children aged 5 years and younger has plummeted from 83,000 in 1960 to 54,000 in 1970. Gentlemen, *that's a drop of 35 per cent for South Dakota compared with 30 per cent for the U.S.* This is the first time in several decades that the number in this age group has not increased in South Dakota's general population figures. We have obviously lost a high proportion of the young married population.

The fact that there were 38,400 fewer children ages 9 and below in 1970 than in 1960 holds a significant impact on the future of South Dakota and other states with similar population trends. The impact on schools, churches, communities and businesses will be tremendous. One more thing is clear. If we think we had difficult adjustments to make in the past we are in for a rude awakening because the economic squeeze on communities throughout the state is going to be enormous unless we do something to reverse present trends within the next 10 to 15 years.

Let me point out one more fact reflected here. In 1960 we reported a total of 229,000 youngsters ages 14 and below. These should now show up in the 10 to 24 age grouping. But the new census accounts for only 193,000 in this age group. Obviously many of these young people migrated from this state along with parents who were in the income-earning group.

Maybe that's not all that bad because another important implication of this chart is the future job situation for South Dakotans. In spite of the declining birth rate and even out-migration, it will be some time before all of the babies born here can expect to grow up and find a job opportunity.

If we assume that only 120,000 youth out of this 10–24 age group remain in the state for the job market; and assuming that each retiree during the next 10 years could be replaced by one young person, *we would have to create around 60,000 additional jobs out in this area to absorb the job needs of this segment of the population.* The 1970 census shows only about 62,000 in the 55 to 65 year age bracket—the group that can be expected to retire or leave the job for some other reason during the next ten years.

Impact On Services

While the implications that these statistics that I have reveiwed with you have on such services as health and education throughout the state are pretty obvious, let me underscore this area of concern. The shortage of health care professionals coupled with the inequities of health delivery systems in some sections of our state are already critical.

In fact, *a young man severely injured in a farm accident in some of our most rural areas of South Dakota today is more apt to die from his injuries than a soldier with the same injuries on the battlefields of Vietnam.* Unless some plan for alleviating this situation is brought into use, the problems in this area will continue to become more acute.

Presently rural areas cannot even provide needed emergency first-aid treatment because there is no ambulance service of any kind. In other areas there is ambulance service but it is not staffed on an around-the-clock basis. Yet it is not uncommon for people in the western part of this state to live at least 90 miles from the nearest hospital.

While the number of hospital beds in South Dakota compares well with national ratios in terms of the population we have, these are misleading. Many hospitals that exist in the outlying areas lack adequate care facilities. A surprising number do not have intensive coronary care units. Paradoxically some areas have two or more hospitals serving the same locality, duplicating service.

Here again the prospect looks a bit grim in our rural states . . . mainly because rural areas do not attract doctors. We have about 75 doctors for every 100,000 people in South Dakota. The average for urban areas is 140. *Lack of earning power isn't what drives doctors away from these rural areas, it's simply overwork and isolation.*

Add to this the fact that South Dakota now ranks among the five states with the highest percentage of population over 65 years of age, plus the fact that our older people are on fixed incomes and simply find it hard to cope with the high cost of medical care and you can appreciate the problems we have here.

Transportation Problems

We have an exceptionally good interstate highway system in South Dakota but did you know gentlemen that there were trucking firms that refused to serve some communities last year because the area wanting trucking service did not have a four-lane, all weather road? *The result was that we had to actually close some processing plants!*

The reason, as usual, was hard nosed economics. Trucking firms know they save about 1.7 cents per mile by reduced travel time, lower vehicle cost and lower accidents rates on the freeways. They also average 35 miles per hour on the freeway systems compared to only 8 mp. on unimproved highways.

In 1967 South Dakota had about 3800 miles of rail lines. At least 240 miles of those railroads have either been abandoned or the plans have been made to abandon them. Railroads are abandoning lines for the same reasons as the trucking firms. In 1969 both the Northwestern and Milwaukee roads, which together serve 85 percent of the locations served by rail in South Dakota, lost money.

Rail line abandonment is not the only problem in South Dakota. Many of the main rail lines that we must save are simply not capable of handling the new and larger freight cars that bring economies as well as better service. On one stretch of main line in western South Dakota, because of poor track, the speed limit is reportedly set at 12 miles per hour. The railroads aren't making the traditional style box cars anymore.

The approximate cost of replacing light rail lines with heavy duty ones is about $525,000 per mile. Needless to say these will not be built unless the railroad can make money. In 1969 the average return on railroad investment was

2.32 per cent. It won't be long until all box cars will be discontinued because they are difficult to unload and they are being replaced by hopper cars. The long range implication here is that is is becoming more difficult for our farm people to compete for the markets they must have to continue making a living.

A study completed last year by our Economics staff indicates that South Dakota income from agriculture could be $19 million higher by the end of 1971 if the state's grain and farm supply industries could apply known transportation efficiencies and management. By 1980 the savings from these efficiencies could run as high as $28 million.

PROJECTS IN ECONOMIC DEVELOPMENT

Yes we have some problems and being one of the most rural states our opportunities are somewhat limited in building this economic base on anything outside of agriculture but we have been working hard with the resources we have available to us.

I said at the outset that better prices for farm products would probably be the best way to increase our economic base. While there is little that our Experiment Stations and Extension Services can do to increase farm product prices directly there are number of things that we have done to help farmers and ranchers take advantage of markets available to them.

Market Development

We have invested considerable time and effort in studies aimed at determining the best locations for cooperatives handling South Dakota dairy products, for example. *A study conducted jointly by Extension and Experiment Station personnel has helped South Dakota producers increase potential long-run earnings by an estimated $1 million per year.* The study resulted in the consolidation of five dairy cooperatives. Each is making short-term adjustments in order to eventually gain long-range advantages of consolidation. The plants requested assistance in 1968 and 1969. Today they are specializing in product processing and provide a good foundation for our dairy industry.

I might point out that it was primarily through the efforts of our Extension and research staff that dairymen in this state were the *first* to convert completely from a milk-can dairy industry to all bulk tanks. South Dakota Grade A dairymen had completed this conversion in 1964. All dairy farms producing milk for the manufacturing industry have now also made that conversion in our state.

Thirteen other groups of farm supply, marketing and service firms have been assisted in a similar manner. Many of them are contemplating re-organization and mergers today as a result.

Training Provided

Past experience told us that lack of informed and trained management was resulting in some inefficient business operations, particularly in cooperatives. Our Extension Service has sponsored a series of workshops annually for 8 years to help with this problem. *Managers and directors of cooperatives involved tell us net earnings have increased by an estimated $9 million annually during the last seven years.* That's a whopping $63 million added to the South Dakota economy and they credit the schools with a substantial part of this increase.

For example, the need for farmer-owners to plow more investment capital into some of these enterprises is decreasing and the business have also provided farmers with better services. Educational efforts centered around topics such as a more business-like approach to credit policies, better planning and use of financial statements and modernizing personnel employment policies which has decreased employee turnover.

This effort is credited with saving at least $3 million annually simply by reducing free credit time and by charging for credit service in the grain elevator and farm supply business in the state. These efforts have also helped farmers and elevator managers become aware of opportunities they have to use the grain futures market.

Farm Management Help

About 775 man days were used by our Cooperative Extension Service personnel during the first half of this fiscal year on farm and ranch management education. By capitalizing on present knowledge and farm planning it's estimated that net income could be increased by about $30 million in the next decade in this manner.

County agents and farm management agents worked with over 8,000 people in farm and ranch planning efforts during the first half of this fiscal year. A series of training sessions entitled "Ten Steps to Farm and Ranch Planning" enrolled 970 farmers and ranchers last year. The rest received some management advice on an individual basis. In the six years since this program was started more than 11,000 copies of the "Ten Steps" reference circular have been received by farmers and ranchers interested in the program.

Community Development

Past experience has also shown us that a lack of informed and trained leadership at the local level has been a major limitation in community and resource development.

In 1967 work was begun on this problem in South Dakota by establishing a committee of 18 Extension and research staff members, which in turn developed an adult education program designed to meet the needs of community leaders interested in stimulating economic development in South Dakota. Nearly 400 professional field workers received training in community action programs and educational meetings were held in 24 communities at the request of community leaders. Four of these projects are multi-county in scope, the latest involves the nine counties in this southeast area of the state . . . the area in which we are meeting today.

Dramatic results of this long range effort may not appear for several years but the goal is to provide information so that many community leaders will understand and identify community problems and then work together on an area or regional basis instead of a local basis for recreational, economic and social problems.

Extension personnel did participate in at least 139 community development projects last year. Wherever such resources were available they worked on these projects in conjunction with help and resources from other community and state agencies.

Irrigation Development

The Oahe Conservancy Sub-District was formed in South Dakota in 1960 to prepare the area and the people in it for irrigation development. In addition the Eastern border and southeastern areas of the state have large supplies of underground water resources that have not been developed.

It was in the mid-1960's that we learned that the few irrigation wells we had at that time were dropping in water yield. The problem was studied by our University specialists and a well-treatment program developed that has been used with success since that time.

In 1969, with financial help from a number of Conservancy sub-districts and some good help from irrigation equipment companies we began a four-year plan for modernizing the James Valley Research and Extension Center near Redfield. When completed it will provide irrigators and potential irrigators with a demonstration area for modern conventional and automated gravity and sprinkler irrigation systems.

We have been carrying on a very active educational program with irrigators that we now have . . . planning for the day when the Oahe irrigation project is funded.

RECOMMENDATIONS

At the outset I pointed out that agricultural states such as ours have limited alternatives for increasing our economic base. Better farm prices would of course offer some immediate, short term, help to the farmers and ranchers in our communities. But I think it's fair to say that this would not solve all of our problems.

Irrigation. Immediate funding of the Oahe development could have a terrific impact on building the economic base of this state. Gentlemen do you realize that South Dakota contributed over 500,000 acres of land to the four dams on the Missouri River? That include 138,000 acres of cropland, 238,000 acres of grazing land and 133,000 acres of timber. The economic loss to our agricultural industry as a result has been well over $9 million annually.

We have reliable data that shows that construction of these irrigation facilities would open up at least 2,500 new construction job opportunities and create a demand for well over $17 million worth of sand, gravel, rip-rap and other materials locally available. It would create a need to handle well over $83 million worth of other materials in our state.

It is also estimated that this project would generate at least $40 million in net farm income and it would increase the main street business in our state by at least $60 million. It is expected that this would add 1,500 new farm units to the central area of the state. It is further estimated that our urban communities could easily add at least 32,000 people to fill jobs associated with the agricultural industry, recreation and other businesses.

We would further recommend that certain incentives be considered at the Federal level that would encourage farm product processing firms to move out into the more rural areas and perhaps discourage them from locating in the already heavily urbanized areas. This might include low rate loans for building plants, some immediate tax advantages, some sort of subsidization of plant locations or some sort of transportation subsidy arrangement based on the distance from adequate highway, rail or barge system.

Probably the most important factor in making our farm and ranch industries more efficient today would be in the area of modernizing the transportation system. As I pointed out, even our most efficient farm operations could be strangled unless they compete favorable with those located closer to the major ports and market centers. Not only must our railroads be modernized but the possibility of barge traffic should be explored.

We have water, and today the average barge rates are three-tenths of a cent per ton mile while rail rates average 1.3 cent per ton mile. Barge rates on the Missouri for grain are presently 3¢ per bushel higher than for the same distance on the Mississippi. Increased shipments on the Missouri could reduce that difference.

A rail-water service combination should not be considered not only for outbound freight. There are inbound possibilities, particularly as the Oahe project is developed. For example, such a combination brought phosphate from rock deposits of Florida to Louisiana saving 30% for the consumeron overall transportation costs. That saving has undoubtedly been reflected even in our own area. They could be extended to more of our farmers and ranchers by sending those barges up to Sioux City or Minneapolis.

We shouldn't be looking only downstream on the Missouri either. We need to look upstream to see what might be done in getting our grain out to Ft. Peck, Montana, and getting Canadian potash down via a water route to central states.

Work With Low Income Families

You also requested information on the role our Extension service is playing with low income people. There are two projects that are relatively new but very significant.

An intensive nutrition education program is being conducted with homemakers who are in the low-income range. Using paid part-time non-professional program assistants basic nutrition was taught to over 1300 individual families last year in nine "pilot" counties.

Food stamps were available in 52 South Dakota counties last year and 14 others provide commodity foods to low income people. Home economics agents in each of these counties made a determined effort to become acquainted with the routines of stamp and food distribution centers and with the patrons of these services. They now assist patrons with menu planning, food buying and selection and in those counties that offer commodity foods home economists and aides prepare dishes and provide recipes for the less familiar foods being distributed.

Seven college girls, five National Expanded Nutrition program assistants and 18 volunteer junior 4-H leaders were trained at a summer camp last year and in turn helped with this effort.

Incidentally, one of the most helpful federal funds we had available to us last year was the grant that provided work-study funds. The Cooperative Extension Service employed about 60 girls and boys under this program last summer and they provided an extremely valuable service. Unfortunately these funds are not available to us this summer so we have been forced to eliminate part of the program. We have had all kinds of inquiries from the counties throughout the state asking about this effort. This has been an excellent effort that not only had an impact in our communities but provided hundreds of jobs for young people last summer.

A second important effort is a project in one of our reservation communities designed to help occupants adjust to public low-rent housing units. We have over 800 low-rent housing units located in our Rosebud community in south central South Dakota. Many of the occupants came from dwellings where there were no sewers, floors, running water or electricity. Many of the occupants did not know how to care for these new homes nor how to make simple household repairs. A Housing Education Program grew out of discussions between the Rosebud Housing Authority and the South Dakota Cooperative Extension Service.

A $120,000 grant was received last November from HUD and a pilot project was set up. That money is being used in several ways. One of the first projects was the beginning of a loose-leaf manual that provided simple instructions for many of the household maintenance tasks. Four maintenance aides have also been employed to work with individual occupants to teach them how to care and maintain the units. Home visitations are being carried out by aides in much the same fashion as those who work in the low-income nutrition program.

Aides receive an intensive three-week training course and then get toegther for weekly training sessions utilizing information developed for the Home Users manual. Discussions are also held relating to problems that have arisen since the last meeting.

A report as of March 1 provides some clues as to the effectiveness of this program. Since the effort began just seven months ago a program has been organized, a cadre of non-professionals trained, and 520 families have been contacted, 428 of them up to four times. There has been a marked improvement in the relationship between the Rosebud Housing Authority and the home occupants since the housing education program was initiated. Formerly problems were not taken to the housing authority. Now occupants realize that by reporting the problems they can eventually be solved.

The staff members have noted a decrease in rent delinquency, a higher interest in family budgeting and increased pride in home ownership or occupancy. For example, many of the homes in the Parmalee community that were once surrounded by piles of junk now exhibit neat, well-kept yards. There are still many problems but each is being worked on and progress is being made.

You are already familiar with the 4-H programs of the Extension Service and there have been many changes initiated to make the programs more flexible which in turn makes participation much easier for children from low-income families.

We are extremely proud of the accomplishments in our Extension and Research programs and this brings me to my final point regarding the concept of Federal Revenue Sharing.

I would have to say that we highly approve of it, particularly as it has been carried out in some of our Extension and Research programs in South Dakota. One of the best examples of a working arrangement of revenue sharing is the Cooperative Extension program. Last year South Dakota State University received about $1.3 million in Smith-Lever money from the Federal government which represented about 43 per cent of the total Extension funds spent in this state. The state matched this amount and county and private funds provided 14 the remainder or about 14 per cent of the money invested. That money was used to support 67 field offices serving every county in the state.

We feel this is a tried and proven method of revenue sharing. In addition to the Smith-Lever funds we received last year $213,000 in Morrill-Nelson and Bankhead Jones money which is used primarily to support college instruction in agriculture and supporting disciplines; we received $832,000 in Hatch funds which are used in our agricultural research program. We received $34,000 in McIntire Stennis funds which are used for Forestry research and about $100,000 in water resource money. This is being used for irrigation and water development projects. Agricultural research facilities acts funds, authorized by Congress in 1963, provides S.D. 14,000 per 1 million appropriated for the United States. Funds were appropriated under this act for five years, but not for fiscal 71 & 72.

I should also like to point out that the money we used to invest in the students enrolled in our College of Agriculture and Biological Sciences has also been an excellent investment in the future of this state.

We rank 40th among states in terms of population; 1970 statistics indicate 55.5 per cent of our total population in rural; we rank 26th in terms of farm numbers among the states. However we rank 13th among the states in the number of university students majoring in agriculture and related fields. This indicates a very position attitude toward agriculture by our young people.

We just completed a survey of our 1964 alumni from the College of Agriculture at South Dakota State University. That survey shows that 55 per cent of all our 1964 graduates are working within the state today and 61 per cent of the native South Dakotans are employed here.

You may be interested in knowing Senator that 66% of our South Dakota State alumni served in the Armed Forces. Incidentally that compares with 38 per cent for the North Central Region. The survey also showed that the graduates from our Plains states of Nebraska, North Dakota and South Dakota were more likely to return to the farm or ranch than those in the other North Central States. And 62 per cent of those surveyed believe there is a good future and employment opportunities within the field of agriculture.

I have tried to describe for you the economic base from which South Dakota and our most rural states must operate; I have pointed out some of the trends taking place within these communities and I have tried to impress upon you the need and urgency of placing some inputs into our rural economies that might in turn generate some work opportunities, not only for the people in our own state but for some of our own people who have already drifted to the major cities and are just waiting for an opportunity to return. The only thing that keeps them from returning is the lack of opportunity for providing a livelihood.

I have told you of a few of the activities that we have been conducting from our Land-Grant Universities to encourage rural and community development.

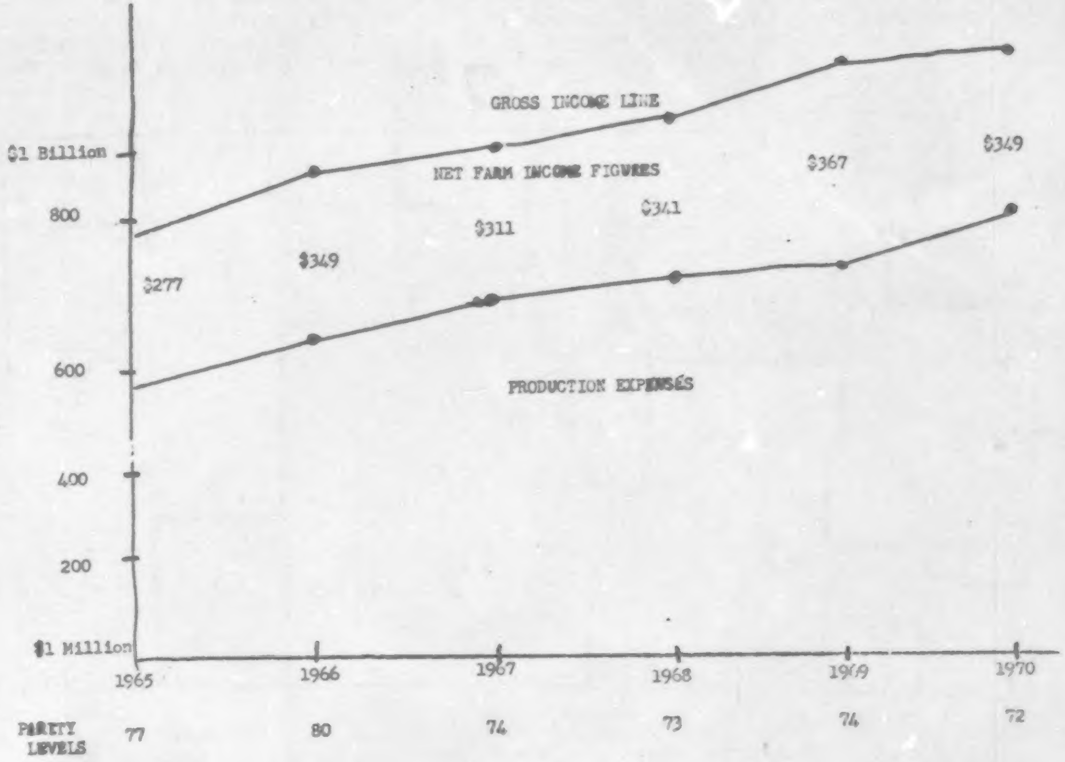
There has been developed a level of mobility in this country that has allowed raw farm products to move to the cities. The technology of the modern farming has flowed from the cities and rural dollars have flowed to the cities. Had the processing of raw farm products or the manufacture of new technologies been located in nonmetropolitan areas, the employment picture in our rural areas might be quite different today.

But cost relationships have never encouraged the location of processing and manufacturing in our most rural areas nor did government policies on transportation rates, public works development, the provision of public services, educational programs encourage this. But changes in private transportation costs made it possible for rural residents to travel great distances to obtain many services. This paradox has added to rural community development problems.

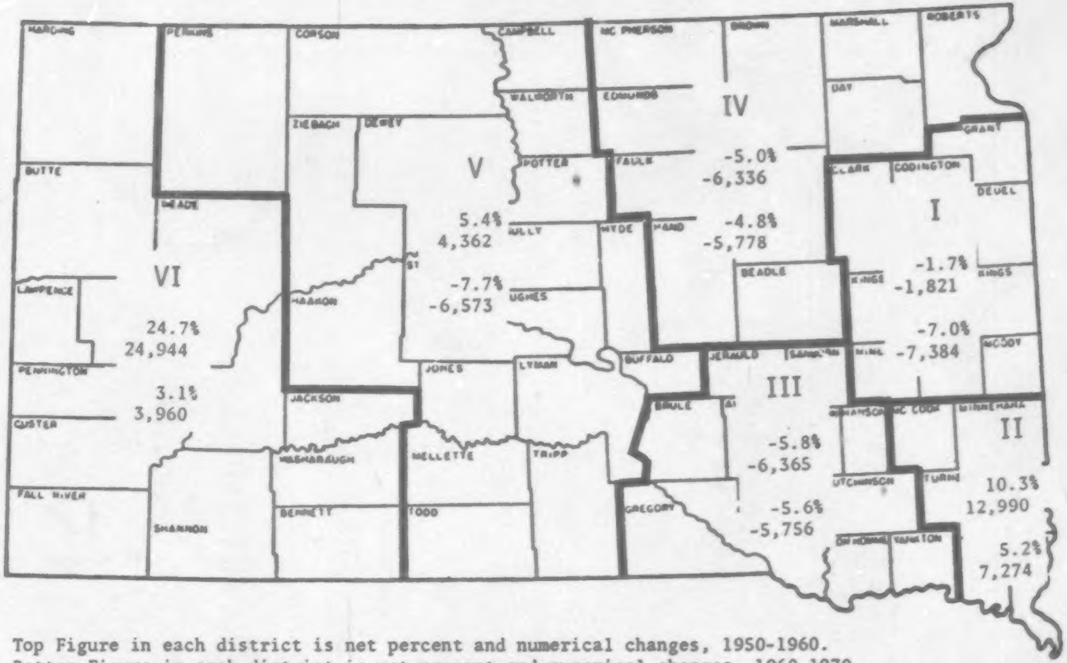
Looking to the future the potential for development which actually creates employment and income earning opportunities will be affected by a whole combination of factors which have worked against rural communities in the past.

Thank You.

NET FARM INCOME TREND - SOUTH DAKOTA



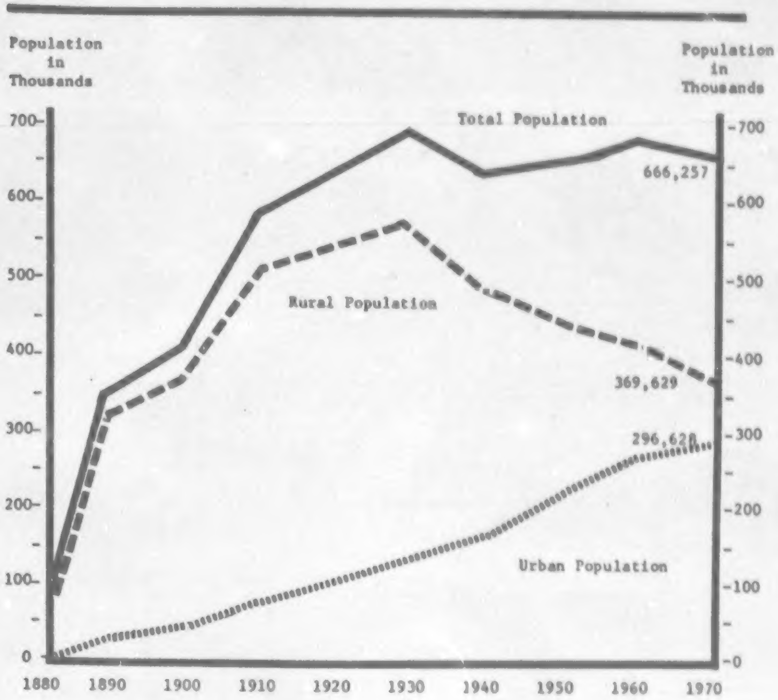
Population Change for South Dakota Tentative Planning and Development Districts--1950-1960 and 1960-1970 (in percent and number)



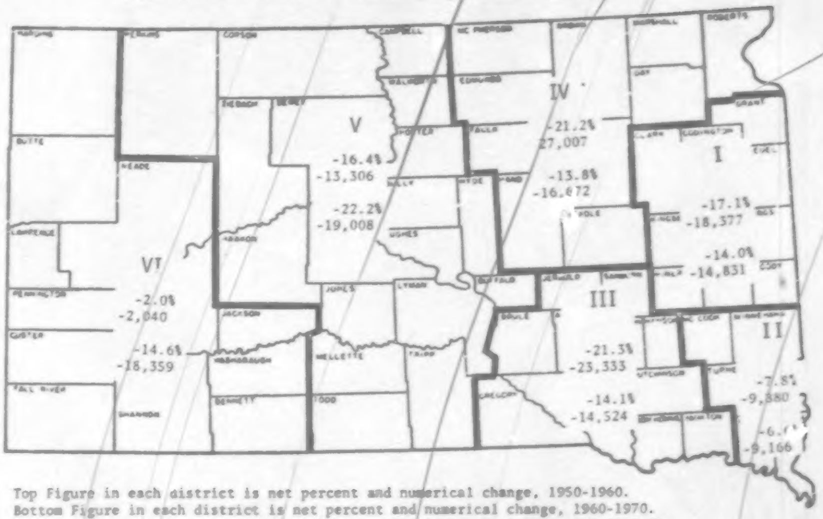
HARDING
PERKINS
CORSON
CAMPBELL
MC PHERSON
BROWN
MARSHALL
ROBERTS
WALWORTH
EDMUNDS
DAY
ZIEBACH
DEWEY
IV
-5.0%
-6,336
GRANT
POTTER
FAULK
BUTTE
V
CLARK
CODINGTON
DEUEL
MEADE
5.4%
4,362
SULLY
HYDE
HAND
-4.8%
-5,778
I
VI
LAWRENCE
BEADLE
-1.7%
-1,821
KINGSBURY
BROOKINGS
HAAKON
-7.7%
-6,573
HUGHES
24.7%
24,944
-7.0%
-7,384
MOODY
LAKE
PENNINGTON
JONES
LYMAN
BUFFALO
JERAULD
SANBORN
MINER
III
3.1%
3,960
JACKSON
BRULE
AURORA
HANSON
MC COOK
MINNEHAHA
II
CUSTER
-5.8%
-6,365
MELLETTE
WASHABAUGH
TRIPP
HUTCHINSON
TURNER
10.3%
12,990
FALL RIVER
BENNETT
TODD
GREGORY
-5.6%
-5,756
SHANNON
BON HOMME
YANKTON
5.2%
7,274

Top Figure in each district is net percent and numerical changes, 1950-1960.
Bottom Figure in each district is net percent and numerical changes, 1960-1970.
Percent and numerical change for South Dakota, 1950-1960: 4.3 percent (27,774).
Percent and numerical change for South Dakota, 1960-1970: -2.1 percent (-14,257).

South Dakota's Population Growth - Total, Urban, Rural, 1880-1970

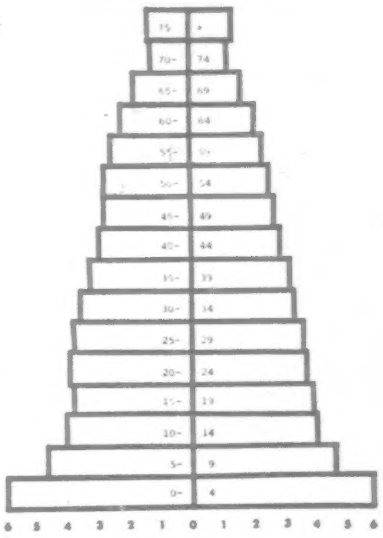


Net Migration Rates for South Dakota Tentative Planning and Development Districts--1950-1960 and 1960-1970 (in percent and number)

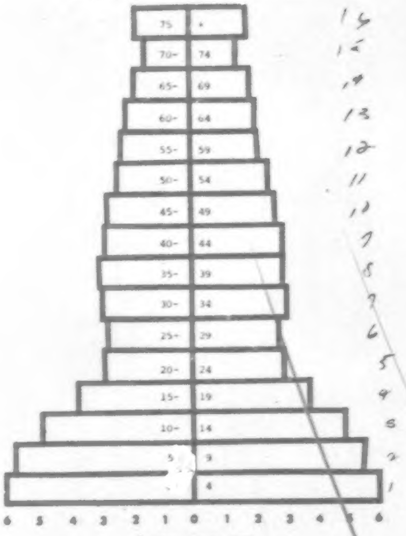

IV
-21.2%
27,007
-13.8%
-16,872
I
-17.1%
-18,377
-14.0%
-14,831
V
-16.4%
-13,306
-22.2%
-19,008
III
-21.3%
-23,333
-14.1%
-14,524
II
-7.8%
-9,880
-6.
-9,166
VI
-2.0%
-2,040
-14.6%
-18,359

Top Figure in each district is net percent and numerical change, 1950-1960.
Bottom Figure in each district is net percent and numerical change, 1960-1970.
Net out-migration for South Dakota, 1950-1960: -14.3 percent (-93,962).
Net out-migration for South Dakota, 1960-1970: -13.6 percent (-92,560).

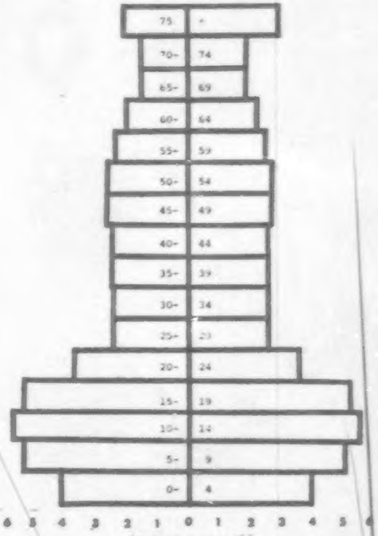
South Dakota Total Population 1950



South Dakota Total Population 1960



South Dakota Total Population 1970



3

WATER RESOURCES DEVELOPMENT AND THE ECONOMY IN THE OAHE CONSERVANCY SUBDISTRICT

(By F. F. Kerr, Extension Water Resources Specialist, and L. R. Wilson, District Exention Supervisor)

Water resources development is an important means to improve and stabilize the economy in the Oahe Conservancy Subdistrict. The directors of the Oahe Subdistrict have plans and studies under way for full water resources development. Included are flood control, small watershed development, underground water studies, and recreation, fish, and wildlife and irrigation projects.

A brief summary of the changes that will result from water resources development has been prepared. It considers the major segments of the economy. However, probable future industrialization and stabilization of income are not considered, although they will have a very real impact as development progresses.

WHAT YOU CAN EXPECT FROM DEVELOPMENT OF THE WATER RESOURCES IN THE OAEH SUBDISTRICT—HOW CHANGES WILL AFFECT VARIOUS AREAS

Area of change	Groups	Means
Livestock industry—Oahe unit	Dryland farmers and ranchers	Create a close-in market for about 140,000 more feeder cattle each year and a close-in stable feed supply to supplement winter feed requirements for breeding herds.[1]
	Irrigation farmers and ranchers	Can feed out about 190,000 more cattle each year (a 280 percent increase).[1]
	Main street business	Increase value of livestock and livestock products sold by $80,200,000 up 246 percent.[1]
Overall agricultural industry—Oahe unit	State and local government	Increase annual revenues from auto licenses by $207,000, sales tax by $2,241,000, and property tax by $4,392,000.[1]
	General business activity	Increase net farm income $40,300,000 (up 339 percent), gross farm purchases by $38,000,000; increase total farm investment $143,000,000 (up 121 percent) and farm repairs, replacement, and supply expenditures $14,000,000 (up 138 percent).[1]
Cropping patterns—Oahe unit	Irrigation farmers and ranchers	Make it possible to produce 281 percent more corn on 55 percent more acres, 226 percent more silage on 22 percent more acres, 76 percent more barley on 11 percent less acres, 120 percent more alfalfa on 4 percent less acres, 375 percent more animal unit months on 81 percent more acres; almost eliminate small grains, native hay, sorghum; about 28,000 acres left for production of specialty crops.[1]
	Dryland farmers and ranchers	Make readily available an assured supply of feed grains and close-in supplies of alfalfa for winter feed during drought years.[1]
Construction activity—Oahe unit	Local job seekers	Make available up to 2,500 new construction job opportunities to be filled from local labor forces during construction of the Oahe unit.[1]
	Local business and services	Create a demand for about $17,000,000 worth of sand, gravel, riprap, and tile, most of which is locally available; create a need to handle and store about $83,000,000 worth of other materials within the State; and provide goods and services to construction workers and their families.[1]
Recreation, fish, and wildlife—Oahe unit	All local interests	Create about 25 new and improved impoundments resulting from irrigation projects works with associated opportunities to provide recreational services to the traveling public and to local recreation seekers.[1]
Population—Oahe unit	Urban areas	Add 32,000 people to urban communities, of which 19,000 will be supported as a result of jobs associated with the agricultural industry, 1,000 as a result of project O.M. & R. employment, and 12,000 from support of other multiple purpose functions and general service jobs (based on 3.23 persons per urban family.)[1]
	Rural areas	Increase farm population by about 5,000 (based on 3.5 persons per family) through about 1,500 new farm units.[1]

Area of change	Groups	Means
Available city water supplies—Oahe unit	23 towns and cities	Make raw water available from the project works at less cost than it could be obtained from other sources.
Watersheds	Dryland farmers, farmers on flood creeks and rivers, townspeople on flood plains.	Watershed projects under Public Law 566 in subbasins could result in average annual benefits estimated at $443,000. The principal benefits on Crow Creek, Elm River, Sand Creek and Spring Creek would be reduction of flood damage resulting in estimated benefits of $279,000. Recreation benefits of $77,000 in Elm River and Sand Creek subbasins. Agricultural water management (irrigation and drainage) benefits of $87,000 in Spring, Shaefer, and Ravine Creek areas.[2]
Flood control—James River	Farmers on the flood plain of the James River.	Straightening and deepening the James River channel from Columbia to Redfield S. Dak., as part of the Oahe irrigation project will reduce flooding to lowlands. Removing flood water at the diversion dam to Lake Byron will reduce flooding on the lower James. In 1966, farms along the James in Brown and Spink Counties lost over $1,500,000 to crops and facilities; 56 farms indicated nearly 12,000 acres flooded.[3]
Pollution abatement	All residents along James River.	A larger supply of fresh moving water will reduce the pollution problem on the James River as it flows through South Dakota. This is a periodic problem most years.
Irrigation—Pollock-Herreid unit, Campbell County.	Farmers and people of Campbell County.	A feasibility study shows that about 15,000 acres can be economically irrigated. This will add stability to the farming operations income and farm units of the area.[4]
Oakes irrigation unit—Marshall and Brown counties (a part of the N.D. Garrison unit).	Farmers and business in Marshall and Brown Counties.	Total 45,960 acres in the Oakes unit of which about 40 percent are in western Marshall and northeast Brown Counties. Agricultural and business economy of the area will be stabilized through irrigation and livestock production. Future developments in South Dakota will depend upon formation of an irrigation district.[5]
Ground water studies—Campbell, McPherson, Clark, Brown, Hughes, Marshall, Day, Edmunds, Walworth, Faulk, Hand, and Hyde Counties.	Rural and urban	The Oahe Conservancy subdistrict will provide 50 percent of the cost of the study borne by the county. These studies are conducted to locate ground water aquifers (for domestic and irrigation purposes) and mineral deposits (sand and gravel). The Oahe subdistrict will accept contracts with additional counties as funds and survey crews become available.
Lands flooded or right-of-way for Missouri River reservoirs.	All people of South Dakota	South Dakota contributed 509,000 acres of land to the 4 dams on the Missouri River—138,000 acres of cropland, 238,000 acres of grazing land, and 133,000 acres of timber. It is estimated that an annual economic loss of $9,213,000 resulted from the removal of 509,000 acres from production. At the time of construction of the dams, it was anticipated that South Dakota would regain this economic loss through irrigation and full development of water resources in the Oahe subdistrict.[6]

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[1] Oahe unit report, Bureau of Reclamation, Huron, S. Dak.
[2] Subbasin report, Soil Conservation Service, Huron, S. Dak.
[3] Survey conducted among land owners along James River in Brown and Spink Counties.
[4] Pollock-Herreid report, Bureau of Reclamation, Huron, S. Dak.
[5] Garrison diversion unit report, Bureau of Reclamation, Bismarck, N. Dak.
[6] Oahe unit report, Bureau of Reclamation, Huron, S. Dak., as based on "Negative Impacts of Garrison and Oahe Reservoirs on North Dakota Economy," University of North Dakota, Grand Forks.

Senator **Humphrey**. We are now fortunate to have as our next witness the distinguished and able Governor of the State of South Dakota, Hon. Richard Kneip.

We thank you for taking the time to come and your patience. We look forward to hearing from you.

STATEMENT OF HON. RICHARD F. KNEIP, GOVERNOR, STATE OF SOUTH DAKOTA, PIERRE, S. DAK.

Governor KNEIP. Thank you, Senator Humphrey. May I just say at the outset that as Governor of this State, Senator Humphrey, Senator Miller, and Sentor Allen, we are appreciative of the fact that you have taken time to come to South Dakota to listen to what we believe will be interesting testimony about the needs and the developments in South Dakota.

Dr. Lynn Muchmore, our new director of planning, I have asked to sit at the table.

We have made a great many efforts in a variety of areas, gentlemen. One of the great steps that we are trying to take at this time is to improve the planning efforts on the part of the State government. We recognize it does little good to continually criticize, for example, the Federal Government for whatever efforts it has made when at the same time it would appear at least to me that the Federal Government has been the very first to recognize so many of the needs and the State has been slow to pick those up and carry them forward.

Now, I feel deeply about that particular question and at the same time we want more than anything to improve the relationship between the Federal Government and State government, and so I want to tell you about some of my thoughts on my rural developments, to tell you some of the efforts we are making, and to discuss that particular subject with you.

> The purpose of rural development,

in the words of the President's task force on that subject,

> is to create job opportunities, community services, a better quality of living, and an improved social and physical environment in the small cities, towns, villages, and farm communities in rural America.

This is, of course an ambitious objective; it is utterly impossible to lay down in step-by-step fashion the advances which will take us to that end. And like most ambitious programs, rural development attracts all of the cliche-ridden endorsements and pleasant-sounding commentary which politicians must make to survive. But what we need above all is realism; we must find a place to begin; we must work effectively with what we have in order to discover what we need and what we can achieve. I congratulate, again as I said before, this committee on its determination to visit South Dakota and to solicit the opinions of people whose principal concern is the welfare and progress of rural communities.

My colleague from North Dakota, Gov. William Guy, has often spoken of the need for an equal distribution of opportunity in America. I concur wholeheartedly with that particular goal. It should be clear to all that during the past two decades, the Northern Plains area, including South Dakota, has not shared fully in the opportunities available elsewhere in this Nation.

The gap between incomes in South Dakota and incomes in our Nation has grown. Our State's population has declined, and the percentage of those who are either young or very old has increased. We have exported many of our finest young South Dakotans, educated in our schools, to the rest of the Nation. The supply of basic human services, such as decent housing, and adequate health care, has deteriorated.

Our family farms become fewer, and our towns grow smaller.

These social trends in South Dakota are, of course, linked very closely to a lagging economy. Our State is constantly adjusting to the technological and market forces in agriculture that lead to fewer farms and lower prices for farm products. This process of adjustment has created a painful and often difficult economic situation.

Without the opportunity to earn a decent living, those who might otherwise live here cannot choose to remain in South Dakota. Accordingly, the first step in promoting an equal distribution of opportunity is the achievement of economic growth in the Plains area.

Economic growth is not, however, an end in itself. Through that growth we can provide more people with the choice of living in this, a rural area, like South Dakota. By strengthening rural areas we shall, as well, preserve a greater degree the cultural diversity that enriches the human experience and insures the healthy operation of our democracy.

My administration is now constructing a rural development effort in South Dakota which rests upon the cooperation of Federal, State, and local governments and which intends to provide rural peoples a capacity to better meet rural needs, to participate in the design of government services, to develop a coherent approach to the use of private resources and public resources in a planned, rational, and effective attack on rural problems.

I take as my purpose in this testimony an outline of the conceptual underpinnings of the South Dakota model rural development program and a brief description of its principal components.

In fiscal year 1970, the total Federal outlay to this State was roughly $725 million. This compares to a total State revenue of $167 million. Thus, using dollars as a measure, Federal program activities in South Dakota were a multiple of State government services. Because the public sector is so large, the composition of public expenditure is the most critical factor in the determination of resource deployment in this State. Variations in that composition condition the distribution of our population, affects standards of health, the conservation of our natural resources, the quality of our transportation system, the suitability of our housing, and the ability of our citizens to deal collectively with the whole battery of social problems which beset an area dependent upon a deteriorating economic base. It is not the level of public expenditure which concerns us. It is how we use these expenditures that requires our close attention.

The grant-in-aid system is a good system, when administered properly. But rural areas cannot now support the technical expertise which is required to tailor grant-in-aid to rural development in a comprehensive manner. Grant-in-aid programs have emerged in a fragmented, haphazard, and incoherent sequence. I suspect that this is inevitable, and that it is a waste of our imagination to try to conceive of a new and monolithic action phase which will replace the current multiprogram structure and usher in a "golden age" by addressing, in a wholly integrated and totally coherent manner, rural needs. The difficulties with the current grant-in-aid structure are these: (1) Grant-in-aids programs have been developed with urban problems in mind; (2) State and local governments cannot support the technical expertise which would be required to apply these essentially urban programs in a rural context.

We do not expect that the domination of urban concerns will soon cease; indeed, we expect that it will become more marked. The best that we can hope for is that we who are responsible for the welfare of rural people will be allowed the additional flexibility within the current grant-in-aid structure which will allow us to modify and redesign program activities to conform more closely to the profile of rural needs. Secondly, we can demand that a proportion of Federal expenditures be allotted to the administrative, planning, and budgeting processes which must be conducted effectively in order to monitor the impact of Government expenditures, and to modify the composition of those expenditures where the impact is contrary to the best interests of our State. We have not been furnished, and we do not have the resources to extract critical information about the effectiveness of grant-in-aid programs in South Dakota.

One of the priorities for South Dakota should be economic development, creation of new job opportunities which will in part, stem the outflow of our young people. We realize that the performance of the public sector in this instance is critical to our success. But the design of industrial development strategy is a complex problem which demands the attention of a body of well-qualified professionals with experience in the questions of economic development who can reflect the best current thinking on that or any other subject. We send our best scientists to Washington and we sponsor their expertise in foreign countries; but we cannot now, for some or other, assemble in this State, because of our limited resources, the battery of expertise which would be required to evaluate the structure of our economy, to assess its strengths and its weaknesses, and to design a long-range plan for optimal economic strength and economic growth.

It is our impression that the HUD and FHA housing programs have not been very effective in dealing with our rural housing crisis, but again we do not have the tools and instruments of analysis which would be required to judge whether the suspicion is correct and to suggest program changes which might remedy that particular weakness.

We know that the Department of Labor's manpower training effort is based upon a definition of unemployment and underemployment which applies to a well-organized labor market, and we suspect that its unemployment definition does not make sense in the context of a rural economy. But again, we do not have access to the expertise which would be required to substantiate or disprove that hypothesis and which could furnish new definitions of unemployment that truly reflects labor market conditions in South Dakota.

Well over 10[illegible] the Federal grant-in-aid programs require extensive socioecono[illegible] analyses as a part of the current applications procedure. The fra[illegible]ted, overlapping, and highly technical requirements which are a part of this planning process may in effect be an irritation to urban authority. To rural officials they cause, at the least, paralysis. Our local governments cannot muster the professional assistance which is required to compose in a comprehensive fashion a picture of rural needs and of the program moneys which are available to meet these needs. The allocation of resources proceeds on a haphazard basis, and planning is regarded as an obstacle which must be surmounted rather than as a tool for rational decisionmaking.

In summary, I am concerned that the State is hard pressed to influence effectively the deployment of the bulk of Federal program monies within its boundaries. The program flexibility is not sufficient; and even if it existed, the tools which are required for constant evaluation and redesign are not available to us.

The model rural development program is an effort to work within the current grant-in-aid structure to reveal program weaknesses and to do the best job possible with the programs available to us, until those weaknesses can be remedied as a part of national policy. First, we have asked the Federal Government, through the Mountain Plains Federal Regional Council, to allow us to consolidate all planning requirements on a multicounty basis. Specifically, we expect to develop for each of the six multicounty districts in South Dakota a comprehensive plan for area development. We are now requesting that the plan be used to satisfy Federal planning requirements across the whole gamut of grant-in-aid available to local units of government. Secondly, we are placing in each of the multicounty districts a professional planning staff, whose responsibility it will be to develop the comprehensive plan of the program and to render the technical assistance to local governmental units which will require program monies for its implementation. Thirdly, we are establishing in each multicounty district a planning and development committee, a representative group of local people who will supervise the construction of the plan, and who will express priorities and needs for their particular area. We do not intend to dictate to local governments the programs which may be necessary to solve their local problems. It is our intention, rather to construct a framework within which they may outline their own needs and which will serve as a focus for State and Federal program activity. We have selected a pilot district, and we will begin operation within that district by July first of this year.

The Mountain Plains Federal Regional Council has assumed a supportive role, and they have provided a well-qualified Federal-State liaison officer, the very first in the Nation, I might add, gentlemen, acquainted with a wide variety of Federal program activities. We are currently working with him to assemble a technical assistance package which, we expect, will improve our ability at the State level to supervise and control Federal expenditures in South Dakota.

I wish to conclude my remarks with some observations on the future of this State which may be germane to the general subject of rural development. Between 1960 and 1970, we experienced a population loss in the amount of 2.1 percent. We are facing a prospect of further population loss; and my advisers—and I underline the words "my advisers"—contend that South Dakota will continue to lose people until at least the year 1996, unless we have a great reversal of present trends. While the prospects of industrial development are bright, we may not be able to generate enough jobs during the next several years to absorb even the natural flow into the labor market.

Some of our best thinkers have treated economic development, but they have always addressed an expansionary situation. Again, some of our best thinkers have given attention to planning, but they have always addressed an expanding economy. We are now facing a situation which does not fit those designs and which requires some new thinking, to say the least. The question of whether we can reverse the popllation outflow may be an irrelevant one; perhaps it must be replaced with a more germane question, for example. How can we best influence the social and economic structure of this State so that a viable and healthy existence can be provided for the people of our State and for those who wish to migrate here as a relief from the urban congestion we hear so much about. This is not an easy question, and it is foreign to the thinking of those who continue to believe that this State is in danger of rampant and ill-structured industrialization. But I think that it is a realistic assessment; and we cannot hope to design effective policy until we are ready to take as a starting point a realistic view.

In conclusion, and again as I said before, gentlemen, we do not spurn the help of the Federal Government; indeed, we welcome it. But, we will of necessity, begin to demand that the nature and scope of that assistance be made sufficiently flexible so that our people can fit this and other things to our rural needs. We do not request that Washington design a new program; indeed, we do not think that Washington is capable of designing a new program. What we do request is that we be given the flexibility we have talked about within the current programs to effect some changes in their application and that we be allowed to appropriate part, at the very least a part, a small part, of the current Federal outlay to develop our own administrative planning and budgeting capacity. If that request is granted, then I am confident that we can discover answers to the problems which beset South Dakota.

I might just add, gentlemen, that through this new planning structure that we have begun in the early months of my new administration, we feel the approach in the past has been wrong but the approach as a rule has been to blame the Federal Government for all our ills, while at the same time those of us who realize and recognize what you people are trying to do only realize that we have not accepted to any real extent the responsibility that is ours at the State level.

Now, we want to improve that planning process. I think we are doing it. I think Dr. Muchmore is doing a good job of it.

Our model county district level of development, will be in operation as of July 1, but we are going to have to have some input from this end and we cannot look to you people overall for the answers to the many problems that face us but at the same time we have got to ask for that flexibility that is so necessary and to ask at the same time that a part of those moneys which you appropriate for our needs be used for planning and budgetary problems on our level since we are unable to put our finger on the expertise which is so necessary to keep this program going on any realistic basis.

Senator HUMPHREY. Governor, we want to thank you for again, what I believe to be very constructive and candid observations and testimony. My colleagues will have some questions to ask of you. I am impressed by your plea for the flexibility that you feel is necessary and I want to compliment you on the rural development efforts that you are undertaking here in your State and particularly your multicounty approach which I think is absolutely essential. It is one of my particular pet projects, so to speak. I believe it is so necessary.

Dr. Muchmore, do you have something you would like to add to the statement of the Governor?

Dr. Lynn MUCHMORE. No, sir.

Senator HUMPHREY. Do I understand you are the head of the rural development planning program?

Dr. MUCHMORE. Yes, sir. I am the director of the State planning agency and it is the State planning agency that is spearheading this project.

Senator HUMPHREY. Senator Miller has sponsored in the Congress the special revenue-sharing program to which I believe, much of your remarks were at least in part directed. I do not know of anyone more alert and alive to this issue, better informed on this issue, than Senator Miller, so I am going to turn over to him the cross examination for a while here.

Senator MILLER. Thank you, Mr. Chairman.

Governor Kneip, I must say after the testimony we received yesterday from Governor Ray of my State and your able testimony this morning, I feel very reassured that we are headed in the right direction if somehow or other we can implement some of the revenue-sharing concepts that have been introduced in the Congress.

I note in your testimony you say, "We do not think Washington is capable of designing a program for this state."

I do not know how you could be any more right. We have some good talent in our bureaucracies in Washington, D.C., but I do not know how we could possibly achieve as good a result as you people right here at your own level. With the planning program that you have indicated here, you are ready to go. But you cannot go as long as you are hamstrung by these categorical programs You do not have the flexibility.

Now, I am not saying that the special revenue sharing for rural development is the whole answer to the problem with which this subcommittee is concerned. Of course, special revenue sharing does not have anything to do with Sioux Falls directly. That is urban development revenue sharing. We have got six of those. But it seems to me that with what you said to us this morning, if we could have special revenue sharing for rural development, you are ready to handle it with the flexibility that you need. Hopefully if we can get general revenue sharing, it will be all new money and you would have the wherewithal to enable you to have the necessary administrative expertise to develop the programs which include the priorities you know you need better than anybody else.

That is my evaluation of your testimony, which is like Governor Ray's yesterday.

I just hope more of our colleagues in Washington will read testimony like this because if they do, maybe the situation will change. By, preserving the basic thrust I think we will get this revenue-sharing program moving and you will be ready to handle it.

Governor **Kneip**. I wonder if I might raise somewhat of a question here, Senator Miller, something that has been of great concern to me and I am sure all the Governors of the country as we can convene a Governor's conference any time.

Of course, as you know, and all people in the Congress know, the principal discussion centers around revenue sharing. My fear as a Governor is that in the discussion of categorical grants, or grants-in-aid of any kind, whether it be in the block form or however, and I am sure that you and others are trying to improve the system, but my experience, while looking to general revenue sharing, as a lot of people are espousing it from a Federal level, is that we have lost the urge, as it were, to fight for categorical grants or bloc grants of any kind and that we in the States are taking a tremendous loss because all the chips, all the fight is centered on the general revenue sharing which I am questioning myself in many respects, the dollar figures, whether or not we are going to get it, and in searching for that one big answer which every Governor is concerned about, I wonder if we are not taking emphasis off other programs which are so vital and so necessary to this State and other States, whether it be in housing or economic development activity or OEO or whatever.

I only express it as a concern. There is so much attention being placed on revenue sharing in the broad general sense that I am fearful we are losing within this categorical structure or change, if you will, to block structure as a lot of us would like to see, but the fight is being lost on the total program overall, the emphasis being placed in the general revenue sharing, and I am fearful of what we might expect because of that.

Senator **Miller**. Well, I think your fear might be justified. I can only speak for myself. I look on that as a package deal, that the present revenue-sharing proposal consisting of about $11 billion will not lose anybody any money. The general revenue sharing of $5 billion will be all new money. But even then, Governor, we are not taking the bureaucracy out of Washington. As you well know, we have over $30 billion in really revenue sharing coming out to the States. We call them grants-in-aid and matching fund programs, and things like that but they amount to revenue sharing with the States.

What I think is being attempted here is to have a better balance than we have now. We have perhaps all of the focus down there on the Washington bureaucracy. Let us move about a third of it back out here to the State and local levels and see how we do. If we do that there will still be plenty of categorical aid programs in that other $20 billion that is not involved in this particular program.

But I think your concern is entirely proper and speaking for myself, I do not intend to let revenue sharing to detract from the viability of some of these categorical aid programs that are essential. As a matter of fact, I would suggest that if we pass some of these special revenue sharing bills—there are six of them, there will be some specific controls put in them to assure that certain categorical type programs will remain inviolate, such as the Extension Service, for example. That provision is already in the bill.

Anyhow, I appreciate your testimony and it is obvious to me that you people here in South Dakota are ready to go.

Senator HUMPHREY. Senator Allen.

Senator ALLEN. Governor Kneip, I enjoyed your testimony very much. I think it was a most important addition to the hearings. Also I enjoyed reading your "State of the State" address that you made, I believe, January 19, 1971, and I was very much impressed by your approach to the problems of your State.

I remember a passage from your speech on that occasion that impressed me very much as summing up pretty well what the problems of rural America are. You said that many small family farms had sent their sons and daughters to far off cities and States because the economics of the modern agricultural economy could not give them a livelihood on the land and that these boys and girls had made important contributions at other places, contributions that you needed to have made here in South Dakota, and that South Dakota is the poorer because these contributions by these young people were not made in South Dakota.

That does impress me as being the problem that we are seeking to cope with, to have job opportunities here in rural America for our boys and girls. And I feel that your approach to the problem and your recognition of this problem is very good indeed.

I also like your approach to revenue sharing. I think that certainly you need flexibility at the State level to devise your own programs and to plan for the programs that you do need and not have that directive come down from on high in Washington.

I have been impressed, too, as I have talked to people from outside of the south where we believe in States rights, I have been impressed with the number of people throughout the country that believe in States rights and the right of the States to make some of these decisions and not have all the decisions made in Washington.

I feel that the frontier spirit in America is one of the things that made America great and I would just like to ask you the question, is the frontier spirit still alive in South Dakota?

Governor KNEIP. Well, I do not know whether I may call it frontier spirit or not but I think there is a spirit that prevails here which is unequal in a lot of States across the Nation. I think it falls back on the most important ingredients we have here and that is our human resources. Senator Humphrey knows full well as well as our Congressmen, the great people we have within our borders and that in rural America I think there is a sense, a quality that is unequal anywhere else. So, I am sure that we have the spirit.

I only know this, that unless we join hands in a working fashion with the Federal Government—to reject the thought outright is wrong, and we need to try to improve upon that relationship just as we need to improve upon the relationship of service from State government back to our own people in the cities and counties. And that is done principally through good planning.

In my administration we are placing a great deal of emphasis, a great deal of concern for total planning, instead of fragmenting it as we have in the past, and that from that tie-in, we all should enjoy more efficiency from the dollars expended.

Yes, I think that we have the spirit, Senator. And we are willing to——

Senator ALLEN. That is fine. I think we have it still in Alabama and much of the country.

Governor KNEIP. At the same time, and I have just got to get this pitch in, we can look to all the assets we have in South Dakota. You can look to the clean air and soft clean water—we have no pollution problems—and the open spaces and the great people and all that, but at the same time, we lack income and that lack of income comes principally from the agricultural economy which is falling back onto the small towns and people of the cities.

Taking as an example—I do not know what influence you gentlemen might have with that particular office but OMB has been sitting on $350,000 of funds appropriated, approved and signed by the President of the United States to get the land acquisition off and running which in effect to me, is a construction start for the Oahe unit and it is a fulfillment of the pledge made in 1945, or whenever, to the Flood Control Act that we were going to have that right, we were going to have the program, and I would sure like to see that $350,000 turned loose which could in turn affect our economy very directly, to provide the income and jobs we look to.

I do not know that you gentlemen have the same concern because all of Washington is up in arms about the impounding of Federal dollars that should be released for one interest or another. But we are vitally concerned about that.

We are vitally concerned about the Missiouri River Development Commission funds where again, we take this problem on a regional approach, where the Governors can sit down and work together for economic development and development of one kind, and so while we look at grant-in-aid of any kind, principally when they have been appropriated, we would like to get our hands on that money and put it to good use.

Senator ALLEN. Those funds should be released. I think you will find almost unanimous sentiment on the subcommittee for that.

Thank you very much.

Senator HUMPHREY. Governor, we want to thank you. I could visit with you all afternoon and you would help us a good deal. Your testimony is excellent. I just said to Senator Miller as you were responding here a moment ago that Governor Ray's testimony and yours, I think, reveals a very keen insight into the present difficulties we are having with Federal and State relationships on funding and types of programs we have, without being particularly critical of Federal activities, but the necessity for greater flexibility, greater initiative, and opportunities for initiative at the State level.

I might just add that I looked into the figures and under the bloc grants type of thing which is really what we mean by special revenue sharing, South Dakota would be—under present law you would get $7,550,000 under the items covered in that particular bill. You would get $9,947,000 under the special revenue sharing, which is just a new title for bloc grant. That would mean you would be getting $2,400,000 more to do with freed-up money. That is really what it talks about. Freed-up money. And I think it would be helpful.

Senator **Miller**. May I just add, the reason why you would be getting more money and the reason why Iowa would be getting more money is because of the formula for distributing that money. It takes into account the rural population, the per capita net income of the rural population, and the loss of rural population.

With the loss of rural population we have had—and we have had it over in Iowa, we should end up with more funds than we are getting now.

I think it is a fair formula and I have not heard any criticism of it. Also in the general revenue-sharing program, the State's population is a factor as well as the per capita net income. We are not as high in income in North Dakota, Iowa, and Nebraska. And finally, there is the factor of State and local taxes. I think you will find that our States in this area will come out very well under that, and they should. It is a fair formula.

As it is now, I do not see too much rhyme or reason for the way these categorical grants are getting out to the States.

Senator **Humphrey**. Thank you, Governor. Good to have you here.

Governor **Kneip**. It is good to have you back in South Dakota.

Senator **Humphrey**. It is great to be back.

I want to compliment you on your jacket, Governor. [Laughter, applause.] Just jealous, that is all.

Our next witness is with us here at the podium and it is our distinguished Congressman from the East River area, Congressman Frank Denholm. We are not going to have testimony, as I believe, from Congressman Abourezk, but we are very grateful that he is here and I am hopeful that one of the Congressmen will place in the Congressional Record when you return to Washington, the Governor's testimony.

I think that the Governor's testimony belongs in the general record and not merely in the testimony of our subcommittee.

Congressman Denholm, you are going to share some time, I believe, with a couple of your fellow citizens. You might want to present them and I want to compliment you for your interest in this subject matter and your generosity in sharing this time.

May I just suggest to you that we are under some time problem and anything that you wish to paraphrase would be appreciated. The total testimony will be included in the record because we want very much to take care of all that we have here in scheduled witnesses today.

STATEMENT OF HON. FRANK E. DENHOLM, REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF SOUTH DAKOTA

Representative DENHOLM. Very well. Thank you, Mr. Chairman and members of the committee.

My name is Frank Denholm and with me at the witness table this morning is Mr. Ben Radcliffe, president of the South Dakota Farmers Union, and Mr. Gary Enright, administrative director of the South Dakota Farm Bureau.

I want the record to show that an invitation was made to Mr. Robert Hanson, the district president of the National Farmers Organization. He was invited only yesterday and the notice was insufficient to provide him a reasonable length of time to appear with us this morning. My comments will be very brief. I want to yield part of the time that has been allowed to me—to each of the gentlemen with me at the witness table for their comments this morning.

I particularly want to commend you, Senator Humphrey, as chairman of this committee, and members of the committee for coming to South Dakota to initiate these hearings in the heartland of America. We are proud that the chairman of this distinguished committee is a product of South Dakota. He was born here.

Dean Acker placed in the record some excellent evidence and statistics that clearly indicate the economic problem in this areas. Since my objective is to obtain legislation to solve some of the problems that we all recognize in rural America. I want to proceed to that part of my prepared remarks that refers to a proposed future Economic Development Act.

Senator HUMPHREY. Page 9.

Representative DENHOLM. It is page 9 of my prepared remarks.

I will briefly comment on that part of my statement and then I will yield to the gentlemen with me at the witness table.

I urge every member of the U.S. Congress to expedite deliberation upon a Future Economic Development (FED) program that will provide for planning to the year 2020 and for an orderly development of the human and natural resources of this National consistent with the preservation of our environment for the benefit of unborn generations of America. I propose to begin now—in this 92d session of the Congress. It is essential that long-term planning should not preclude short-term needs that must begin with immediate policies and programs that will achieve that imperative balance of population trends and socioeconomic stability. The first thing I intend to do in this Congress is pursue emergency measures essential for short-term need which include needs for positive action amending the Agricultural Act of 1970 to provide for not less than 85 percent of parity to farmers.

I think all the testimony before this committee in the last 2 days is concerned about the deficiency of income to the people of our rural communities. If we are actually serious about that—we can solve the problem by simply obtaining parity for farm people, the rural people. It is essential that there be dollars in their pockets to carry on the business of rural America. My colleagues and I have placed in the hopper on the House side an amendment to the Internal Revenue Code to renew the 7 percent investment tax credit benefit with annual purchase limitations at $15,000.

There should be a reconstruction—and I am addressing myself to what can be done to solve some of the problems we have recognized and talked about for 2 days—I think there should be a reconstruction of the Conservation Corps, the old CCC program, to conserve our forests, fresh waters, fish, game, and wildlife habitat, and to assist in the development of rural recreational facilities and the general conservation of our natural resources, including the active participation in antipollution practices and programs.

There are many other programs that have been acted upon by the Congress that need immediate and continuous attention for full development of pending water resource development and irrigation in South Dakota. As the Governor of South Dakota recognized this morning, we talk about funding of REA systems, funding of emergency rural housing and public works programs together with appropriations for needed sewer and water facilities. All of these and more are essential to the quality of life for the people of rural communities.

These are short-term programs. In the long term we must be concerned about agriculture, not only where the people are located but what kind of administration, what kind of programs agriculture is going to be subjected to in the future because agriculture is the largest industry in this State. Agriculture is the largest industry in the United States.

Agriculture is the most important industry we have in this country. Yet, it is the most neglected today. I have proposed a basic four-point program—a base plan for agriculture which I am hopeful can be considered by the 92d Congress. I solicit the help of each member of this committee and each Member of Congress in support of a base plan for agriculture—including a sound fiscal policy of long-term, low-cost credit for young families in need thereof.

The task of improving the quality of life of the people of rural communities is to (1) overcome the deficiency of personal disposable income, and (2) eliminate the economic pressure for continued outmigration by providing equal economic opportunity for the youth of rural America.

The preferable balance essential to economic, political, and social stability in America is imperative to the preservation of a free enterprise system in our democratic system. The maladjustment of population trends and the great wealth of this country in too few places must be attacked through imaginative programs of the future. To do otherwise will result in a continuation of policies that tend to result in the concept of making a few privately rich and the many publicly poor.

I am attaching a copy of my address on the House floor as reprinted from the Congressional Record of March 1, 1971. I am hopeful the bill will in its final form be enacted into law by the 92d Congress and that I may have the full support of every Member of the Congress in the interest of improving the quality of life of all America.

The President has recognized that the people in this country are losing faith in their Government. I think the people are losing faith in this Government because there is too big a gap between performance and promises. I think this is the time for action, Mr. Chairman. I commend you, Mr. Chairman and the members of the committee for coming into the country and actually doing something about the economic problems of our rural community. I am hopeful that our colleagues in the U.S. Congress will join our effort to accomplish the essential goals. Mr. Chairman, I respectfully request that my full statement with exhibits attached be entered and made a part of the permanent record.

(Representative Denholm's prepared statement is as follows:)

Mr. Chairman and members of the committee, I commend Senator Humphrey and the Members of the Subcommittee for initiating these Hearings in the heartland of America. It is appropriate that the Committee should do so.

We are proud that South Dakota is the birthplace of the distinguished Chairman of this Committee. This is the home of the Shrine of Democracy. This state harbors the rich heritage of a people of common courage—marked by the hardships endured by homesteaders of the last frontier.

South Dakota is a state that is not particularly unique, but it is substantially characteristic of life in rural America. The people from the plains across the Missouri and unto the hills have depended and are depending, directly or indirectly, upon the economy of Agriculture—the largest single industry of this state and, in fact, the largest single industry in this nation.

The assets and investments in the industry of Agriculture total a sum equal to about two-thirds of the total of all assets and investments of all the major corporations of this nation. The required investment ($50,000.00) per employee in agriculture is twice as much as the required investment of ($25,000.00) per employee in non-agricultural industries of this country; but the annual ($1,633.00) per capita income for employees in the industry of Agriculture is less than one-half that of the annual ($3,380.00) per capita income of all employees in non-agricultural occupations in America. Admittedly the per capita income to employees in the industry of Agriculture has doubled in the last two decades, but that realization is not impressive in view of the fact that it is so only because of the millions of people that have left the industry for non-agricultural occupations in a growing industrial society of greater per capita income and of greater job security to the employee, and because there is no required personal investment or risk capital on the part of the employee as is generally required of people in agriculture.

The farm population of the United States has declined steadily for more than three decades, reaching a low of slightly less than five per cent of the nation's population in 1965. There is no indication that the dwindling process is coming to an end. The annual rate of outmigration from farms stood at 6.3 per cent during the period 1965–68 . . . the highest rate in United States history.

There has been no balance of national economic planning for population trends and economic opportunities of the people in the industry of Agriculture. The result of no planning and the wrong planning has "gutted" the communities of rural America.

Corporate profits have been managed and manipulated upward in a dynamic growth of the Gross National Product (GNP) while Agriculture has during the same period of time incurred an unequaled growth of debt . . . that now stands at an all time high in United States history—to be paid by fewer people in the industry on income from prices for farm commodities at the lowest comparative level since the mid 1930's.

The results of the last quarter century of economic history, including the rise and fall of life in the rural communities of America, has been clearly marked by ill-advised, ill-planned and wrong policies and programs. Even worse, and all too often, there has been on plan, no national policy or program implemented to achieve an economic balance essential to the stability of the population growth and quality of life in this great country.

The quality of life in the communities of rural America is directly related to the level of economic stability enjoyed or imposed upon the people thereof.

The simple fact is—there exists today and there has existed for the past several years, a deficiency of income to the people of rural America. The worst of two worlds has been imposed on the people of rural communities. That is, that while rural people suffer a deficiency of per capita disposable income they have had to absorb a trend of increasing national inflation. Their costs of production of food and fiber to feed and keep the people of this nation and their increased costs of taxes in support of schools, state and policial subdivisions of government, have more than double during a time that prices received for agricultural commodities have decreased to less than one-third and on some commodities of production to less than one-half of an equitable return to the producers essential to a proper and reasonable economic balance.

The members of Congress, the national economic advisors to the President and other knowledgable persons of non-agricultural sectors of our economy become rightfully concerned about a recession when unemployment increases to an overall 6 per cent and to more than 12 per cent in the aircraft and construction industries of this nation. There has been much concern about unemployment and underemployment and the impact of alleged poverty pockets of the ghettos in the industrialized urban society sector of our national economy. And it is justly of great concern.

It will require billions and billions of dollars and it will require the greatest of imagination to rehabilitate and restore the quality of life desired in the monstrous and industrialized society of urban America. The harvest reaped is a raped social structure by rampant crime to uncontrolled welfare and it can be best evaluated only by time. History shall be the final judge of our acts—or our failure to act. I do not believe the industrialized urban society with all of its consequences can successfully endure the test of time.

In the interest of brevity, statistics are intentionally omitted herein. The effect of wrong policies and wrong programs are becoming more patent but few have evaluated the cause of economic, political and social disorder of contemporary history.

QUALITY OF LIFE VERSUS EQUALITY OF INCOME

The quality of life in the communities of rural America is directly related to per capita equality of income for the economic segment of Agriculture consistent with other economic sectors of our national economy. The goal and objective should not be to achieve per capita equality of income within the industry or economic segment of Agriculture or any other industry, private or public, in our social economic structure. The purpose of national policy and national programs should be to achieve a *balance* between the major economic sectors of our total economy. Thus, prevent the maladjustment of population trends and concentration of wealth in too few places at the expense of all.

The impact on the economy of the communities of rural America is adversely affected by national programs that result in prices to producers for farm commodities at less than par on a comparative basis with other economic segments of our national economy. Farmers and ranchers are presently receiving about one-third less than par for the production of the highest quality and greatest quantity of food and fiber this nation or any other nation has ever experienced in all history of mankind.

It is an economic truism that the less the people engaged in Agriculture receive for commodities produced, the less disposable income they will have available for acquisition of goods and services—consequently, the less often will the ringing bell sound on the cash register of the businessman on the main-streets of rural America. A recent report of the Small Business Administration announcing the failure of 430,000 business entities in 1970 is convincing evidence of the loss of the multiplier effect of an agricultural economy on par and balanced with the other major economic segments of this nation. It cannot be concluded that 33 per cent unemployment exists in the industry of Agriculture. However, the depressing effect of 60 per cent of parity of prices to producers of agricultural commodities does have an undisputed and devastating impact on the economy of every community in rural America. That impact is evidenced by continued out-migration of almost all of the young and many of the older people from rural communities in search for a more just and equal economic opportunity—by the locking of doors and boading of windows of nearly one-half million businesses and the destruction of millions of farm family homes and farmsteads each year, and by the growing burden of debt against the fewer and fewer people that remain in Agriculture as a segment of the total economy of this country. It is clear that the entire industry of Agriculture is exposed to traumatic change. The average age of farmers and ranchers in South Dakota is over 58 years and the tax supported institutions of higher education are the gates of the greatest exodus of the young people from this state. There is little if not in fact, no affluence in the industry of Agriculture in South Dakota. Conversely, the largest industry of this state is at the threshhold of economic disaster and only adequate rainfall and an abundant harvest can prevent the economic slump of the magnitude equal to a depression. The quality of life in the rural communities of this state is proportionate to the injustice of the economic inequities imposed upon the people thereof.

REFORM OR REVOLT

Historically the rise and fall of governments of the nations of the world have been precipitated by economic collapse and followed by policies of land reform. The government of this nation should be subject to neither. It will not be unless we fail to match our great wealth as a nation with wisdom of planning for the future.

The first objective of our founding fathers was contained in the Preamble to the United States Constitution " . . . in order to form a more perfect Union, establish justice,"—and no where following in that historic document or by all the laws since enacted by 91 Sessions of the United States Congress and all of the precedent of case law by the Courts has the concept of "justice" been interpreted to exclude economic, political or social justice—and no where has the word "justice" been limited to the procedural and substantive concepts of law before the Courts of this land.

I fear not the reaction of the generation ahead of me if nothing is done and a depression is to follow . . . that generation has demonstrated patience in time of economic distress and the mediocrity of the role of government. However, the generation behind me has demonstrated little patience with improper balance and improper attention to priorities, and it is reasonable to conclude that men in government service at the policy making level can ill-afford to permit the economic inequities of our time to persist without confrontation of explosive consequences unequalled in our history.

The urgency of our time is not policies of depression and acts of repression. It was Daniel Webster that warned more than 200 years ago that "Repression is the seed of rebellion." This is not a time for repression or suppression—this is a time for courage—this is a time that challenges the conscience of men. I am hopeful it is a time to seek a balance—the balance of the wisdom of men with the wealth of our great nation.

This cannot be a time of revolt—this must be a time of reform. This cannot be a time for political patriots to remain parochially oriented in defense of acts, policies and programs of the traditional past—this must be a time of reconstruction, a time of reform to find a new quality of life for all people of rural and urban communities everywhere. This cannot be a time for promise—this is a time for performance. To perform is to reform—to reform consistent with the changing times is the greatest security against the gathering storm clouds on the horizon of the rumbling sounds of revolt in total public dissatisfaction of a troubled people with the role of government in future planning of policies and programs affecting the quality of life of all of our people in America.

FUTURE ECONOMIC DEVELOPMENT ACT

I urge every member of the United States Congress to expedite deliberation of a Future Economic Development (FED) Program that will provide for planning to the year 2020 of an orderly development of the human and natural resources of this nation consistent with the preservation of our environment for the benefit of unborn generations of America. I propose to begin now—in this 92nd Session of the Congress. It is essential that long term planning should not preclude short term needs that must begin with immediate policies and programs that will achieve that imperative balance of population trends and socio-economic stability.

Emergency measures essential to short term needs include—

Amending the Agricultural Act of 1970 to provide for not less than 85% of parity to farmers and ranchers for corn, wheat and feed grains. (I intend to introduce the essential amendments immediately to assist rural people to overcome the existing deficiencies of income to meet the inflated costs of production.)

An Amendment of the Internal Revenue Code to renew the 7% Investment Tax Credit benefit with $15,000.00 annual purchase limitations.

A reconstruction of the Conservation Corps (CCC) to conserve our forests, fresh waters, fish, game and wildlife habitat—and to assist in the development of rural recreational facilities and the general conservation of natural resources including active participation in anti-pollution practices and programs.

There are many other programs that have been acted upon by the Congress that need immediate and continuous attention for full development of pending water resources development and irrigation in South Dakota—additional funding of REA systems—funding of emergency rural housing and public works programs together with appropriations for needed sewer and water facilities. All are essential to the quality of life for the people of rural communities.

A BASE PLAN FOR AGRICULTURE

A new approach must be initiated to stabilize the depressed economy of the rural areas of America without raising the cost of food and fiber to consumers if an improved quality of life to the people of the rural communities is to endure through the years. Emergency loan programs and short-term credit that result in greater debt are not sufficient in the long term.

I have proposed a basic four-point program. A Base Plan for Agriculture—which places emphasis on people, performance and production. It is a departure from the traditional farm programs of the past that have hopelessly failed to stabilize income to rural people and erroneously emphasized limitations of production to the disadvantage of farm families and permitted or induced the large and corporate interests to collect sizeable sums of treasury dollars for non-performance and non-production. The past farm programs attempted to stabilize income to rural people in the agriculture industry by emphasizing administration of the programs based on acres, bushels and bins. Such programs have worked in practice about as well as a minimum wage law could have benefited the working people if it had been based on nuts, bolts and wheels.

The task of improving the quality of life of the people of rural communities is to (1) overcome the deficiency of personal disposable income, and (2) eliminate the economic pressure for continued out-migration by providing equal economic opportunity for the youth of rural America.

The preferable balance essential to economic, political and social stability in America is imperative to the preservation of a "free enterprise" system. The maladjustment of population trends and the great wealth of this country in too few places must be attached through imaginative programs of the future. To do otherwise will result in a continuation of policies that tend to result in the concept of making a few privately rich and the many publicly poor.

I am attaching a copy of my address on the House floor as re-printed from the Congressional Record of March 1, 1971. I am hopeful the Bill in final form will be enacted into law by the 92nd Session of the United States Congress and that I may have the full support of every member of the Congress in the interest of improving the quality of life of all America.

I appreciate the opportunity to appear before the members of this Committee today, and I am hopeful that you will act with great speed in the national interest for the benefit of all of our people.

Sheldon Emry wrote—from the Missionaries to "The Gentiles" as follows, to-wit:

"When a land rejects her legends,
Sees but falsehoods in the past;
And its people view their Sires
In the light of fools and liars,
'Tis a sign of decline
And its glories cannot last."

The President has said the people of this country are losing faith in government—at all levels. The public trust and the glories of the past can be preserved by performance and planning for the future. Let us begin.

(The statement before the House of Representatives is as follows:)

[Excerpt from the Congressional Record, House of Representatives, Mar. 1, 1971]

A Base Plan for Agriculture

Mr. Denholm. Mr. Speaker, I thank the gentleman from Montana for yielding.

Mr. Speaker, my colleagues, and all citizens that are interested in the future of America, there is one fact that can be recognized when we speak to this issue of agriculture in this country, and one fact that is undisputed by anybody, and that is that agriculture is the largest single industry in the United States. It also happens to be the largest single industry in my State, the State of South Dakota, the Sale of the home of the Shrine of Democracy, and yet it is presently the most neglected industry of all industries of this great country.

It now appears that the farm policy issues of the 1970's will be shaped in large part not by the farming community but by nonfarm people.

We will spend much of our time reacting to issues initiated by others when we should be initiating actions of our own.

The issue is clear. The farm community and interested groups must either lead—or be led. Some of the reasons for the declining farm influence over farm policy matters are these:

First. The declining farm population.

Second. The general unpopularity of large payments to a limited number of corporate and large farm operating interests.

Third. The growing public concern over long-neglected minority groups; and

Fourth. A certain public weariness with the issues of commodity programs such as the wheat, cotton, and feed grain program payments.

For almost 35 years the Government of the United States has "toyed" with various programs of price supports and production controls of numerous commodities in an attempt to stabilize the economy of the oldest and most essential industry of America—agriculture.

While American agriculture, as an industry, has always and is now the producer of the highest quality and the greatest quantity of food and fiber of any nation in all of the history of mankind, we ironically now find the industry on a 1910–14 parity basis barometer in equal economic status of the depression of 35 years ago.

This is unacceptable and I submit that we can do better.

At this hour the President of the United States is meeting with people in the heartland of America at Des Moines, Iowa. The purpose of the meeting with the people of the heartland is said to be the high interest of the Nixon administration in rural community development.

I submit that that interest could begin by raising the support prices for the basic commodities that farmers depend upon to operate their business on the land.

There is now and there will be much rhetoric. What we need is action. The constant cost-price squeeze on the people of the farms and the ranches must be reversed. By all acceptable standards of reason and of justice and of economic equity, the present deficiencies of the income structure for the people who till the soil for a living is unacceptable. This standard of depression is unacceptable to the people involved and is unacceptable to agriculture as an industry, and certainly unacceptable to a nation such as America. It is unacceptable for we, the people, of a mighty country. If it is permitted to exist, a depressed agricultural economy will ultimately influence the further maladjustment of population and resources and the wealth of this great country.

This administration, the Members of this House, and the people, the committees and the career personnel of Government must recognize that "nuts and bolts" legislation of the past has not solved the problem. If it did, we would not be here talking about it today.

We should recognize that "nuts and bolts" legislation will not solve the problem for the future.

I will vote for rural housing programs and I will vote for rural medical health care programs and I will support and hope that we get more appropriations for rural community development, for communications, and all of these programs. But, I ask of you, my fellow colleagues, what does such like and similar legislation do in support of commodity prices—the price of hogs? That is the problem. When we establish a base plan for agriculture that will provide farmers a fair and equitable share of the great wealth of this country, we will then find that they are capable of paying their own hospital bills and of building their own houses.

The people of America have not lost self-initiative and the people on the farms and ranches still believe in the concept that "this is the house that Jack built"—and that it was a good one.

It is time that some of us in Congress recognize that concept. I think it is time for a base plan for agriculture. I think we must realize, as adult people, elected to this House of the people, that a base plan for agriculture ought to be based upon people, based upon production—particularly so when we have people going to bed in this country suffering from malnutrition and a third of the population of the world hungry.

In Isaiah it is written, if I may paraphrase the words, that it would be well to spread the bread among the poor and to shelter and comfort the homeless.

I subscribe to a philosophy that we ought to prepare a base plan for agriculture that would be good for the people, and that we ought to stop paying people for doing nothing and creating a scarcity, when people cannot afford to buy what we now produce at present prices.

I will propose a basic four-point program for agriculture. I intend to present it in this session of the Congress. I contend that, instead of trying to write a program based on bushels, bins, and acres, it ought to be a program based on production and people. We did not write a minimum-wage law for the people of this country based on nuts, bolts, and wheels. Yet when we tried to tell the American farm people and the people of rural America that we would write a program to stabilize their income, we based it on bins, bushels, and acres. I submit that in 35 years it has not worked. Agriculture as an industry is worse off today than it was in the mid-1930's, with the partiy ratio—the debt ratio—the return on investment, no matter how you measure it. I suggest that we seek a new economic base plan for agriculture. This country and the people in agriculture are ripe for a departure from the traditional agricultural policies and programs of the past.

ECONOMIC EQUALITY

I suggest that a base plan for agriculture should be established with a 100-percent parity payment directly to each farm family on the first $15,000 of their annual gross sales, that is to say, we would provide for a direct payment to producers equal to the difference between market price and parity on the first $15,000 of the gross annual income of each farm family unit. I am not talking about a family-sized farm. I am talking about farm families, and they can be defined as a matter of law and as a matter of fact. Nobody has been able to define a family-sized farm. Nobody can. The objectives of a sound economy for agriculture must be based on the farm family as an economic unit. The farm family is an essential basic unit to the structure of a strong, economic, political, and social foundation of our system.

There ought to be a provision in the original law by which the amount of the parity payment benefit to producers could be carried back 2 years and carried forward 3 years to allow for overproduction or underproduction in any one year and thereby farmers and ranchers could begin to insure against the hazards and elements of the industry.

PERFORMANCE PROGRAM PAYMENTS

Second, and in addition to the $15,000 parity base-plan which is conceived in the interest of people and production—beneficial to consumers and producers alike—each farm family should have an opportunity through incentive payment programs to earn a maximum of $3,000 per year through approved programs of land and water conservation, the preservation of wildlife habitat, and the development of rural recreation facilities. The law should provide an opportunity to coordinate the maximum cooperative effort to farm families to earn a total of $3,000 each year with emphasis on the farmstead and also in approved area or regional work incentive projects. This would constitute a meaningful base-plan for agriculture.

INVESTMENT TAX CREDITS

Third, we should renew the investment tax credit concept benefits for homestead improvements at a level high enough to encourage homeowners and farmers to build, maintain, and repair their respective homes and we could then start to rebuild rural America.

We have pursued programs of destruction long enough. Let us pursue positive programs of reconstruction. There is no valid reason that every farm in America can not be like a garden and every home as "a man's castle."

A homestead is generally defined as a matter of applicable law in rural and urban America. Let us paint, fix up, and clean up—it is essential to the preservation of the tax base of political subdivisions of government. It is good for our people. It is good for our communities— it is good for our country. Let us begin.

LONG-TERM, LOW-COST CREDIT

Fourth, a sound base-plan for agriculture must include adequate credit policies of sufficient terms and at a minimal interest rate level to sustain rural families in times of need.

I propose a full-insured monetary credit policy of at least a 40-year term at a level rate of interest to the borrower not in excess of 4 percent per annum on the remaining unpaid balance from time to time due. Such a credit policy would recognize the banks as the economic nerve centers of each community. Presently, the essential requirements of national monetary policy cause the banking industry to invest billions of dollars in Government securities to meet secondary requirements of fiscal responsibility. Essentially, all such funds belong to the people as depositors thereof. It is a paradoxical dilemma to pursue Government requirements that cause the funds of the people to flow or tend to substantially flow to the Federal Government to be administered back to the people through a complexity of bureaucracies by acts of this Congress. We need a new approach to sound fiscal policy.

I recommend a 40-year, 4-percent loan program that first, provides the level rate of interest at 4 percent to be paid by the borrower; second, provides that the difference between the level rate of interest and the money market rate of interest—but not less than 2 percent—be paid directly to the banks for administration and supervision of the credit and loan finance program.

The Federal Government should be the guarantor of the loans to 100 percent of value on the principal balance for the full term and the funding of the loans should be provided from the deposits of the people and the private sector of the economy.

The result of a new approach to such a credit plan for long-term, low-cost financing would be a direct savings to the borrower for a term that would secure against cycles of economic change; second, a savings to the Government because of the efficiency and interest of bank-supervised acquisition and operating loans would be at a less cost difference than presently paid on Government securities; third, it would constitute a more sound fiscal credit policy than Government securities—Federal Government paper backed 100 percent to face value—because the loans guaranteed to 100 percent by the Federal Government would become secured by "black-acre" and the notes in promise of payment would thereby become negotiable in the private sector of the economy.

Today, Government is pursuing a policy by which bankers and the private sector of our economy buy bonds—invest in Government securities which constitute only Government paper backed 100 percent by the Federal Government—the Government then creates more administrative agencies and the Congress is expected to appropriate more funds to pursue a "round robin" system of policies and programs that impose a greater and greater burden of debt to borrowers in the industry of agriculture and related businesses throughout the country.

Some call the policies of the past right and reasonable. I call such programs nonsense. We are destined on a course that will not work and has not worked and we endanger our whole future if we continue to pursue it.

I submit that we need a 40-year 4-percent financing program whereby Government enters into a partnership with the people and recognizes that the local bank is the nerve center of the community. We need a new credit system of equal economic opportunity for rural and urban people alike.

In essence, this is the kind of program I want to present during this session of Congress and the program for which I shall seek the counsel and cooperation of my colleagues.

Today I commend those people who significantly have chosen this 1st day of March for this discussion, this day when there is a touch of spring in the air, and when the farmer and the people of rural America turn again their attention and energy to the tilling, sowing, and toiling of the soil.

We here in the House of the people must rededicate ourselves to bringing to the people of the rural areas true economic equity and a fair, honest, and true return for their efforts, investments, and labor as citizens of this great country. I thank the gentleman from Montana for yielding and I commend him and his colleagues for their great effort today in the interest of all people of this country.

Mr. MELCHER. I thank my friend, the gentleman from South Dakota, for his pertinent remarks.

Representative DENHOLM. Now, I want to yield the rest of my time to the men with me. Mr. Radcliffe, president of the South Dakota Farmers Union——

Senator HUMPHREY. We surely welcome you, Mr. Radcliffe. May I just say at this point one of the reasons we have not scheduled a large number of witnesses from the farms themselves is that this committee does not have jurisdiction, as you know, Frank, Congressman Denholm, over the commodity price structure and we have our problems in Congress over jurisdiction. But we are not unmindful of the fact that the central need of rural America is what the able Congressman just said, to overcome the deficiency of personal disposable income and to eliminate the economic pressure for continued outmigration by providing equal economic opportunities for the youth and indeed, for all of rural America.

That is at the heart and core of it. We are well aware of it and I think we have three members here, and Senator Bellmon was with us, that fully appreciate the importance of adequate farm income and we do not have it today as the chart shows and we have not had it for years.

I do not think either political parties can take very much glory in what we call providing adequate farm income or providing the means for adequate farm income. With that I wanted you to know why we had not scheduled just one farm person after another to be heard. We are going to have hearings in Washington, however, and we possibly will have other hearings in which we will have the leaders of all of the great farm organizations represented here, the Farmers Union, Farm Bureau, NFO, the different cooperatives, and the Rural Electric Associations and all, to testify to us, to give us their judgment and their views and to see if we cannot be of some help.

Go right ahead, Mr. Radcliffe.

STATEMENT OF BEN RADCLIFFE, PRESIDENT, SOUTH DAKOTA FARMERS UNION, HURON, S. DAK.

Mr. RADCLIFFE. Thank you, Senator. Let me say I do appreciate this opportunity. I also appreciate seeing you back in the U.S. Senate.

Senator HUMPHREY. I am enjoying it, as a matter of fact. [Applause.] I can criticize the President now. I did not used to be able to do that for a while.

Mr. **Radcliffe**. And I am going to make my remarks brief, paraphrase part of my statement, just read a section or two of it. You will have a copy——

Senator **Humphrey**. We have it and it will all be made part of the record.

Mr. **Radcliffe**. Very good. While this hearing is primarily limited to the question of rural development, I assure you gentlemen that the real cancer killing rural America is not lack of programs or lack of study or lack of hearings such as this. It is the lack of fair farm prices. It is parity at 70 percent—the lowest since the great depression. We would not be holding this hearing today and we would not be talking about problems of rural America if the farmer was receiving a fair price for his products. Not only would the farmer be thriving, but so would the towns and cities of rural America. That may sound like an over-simplification of the problem—but in fact, that is the problem. Rural States like South Dakota will never be prosperous, nor will her towns and cities prosper unless agriculture in the surrounding countryside is adequately paid so that its bounty flows across the city borders into the cash registers and payroll checks of our city businesses.

At this point I want to say that I think it is terribly important that Congress look at such plans as Congressman Denholm's, and the Mondale bartering bill, Senator, we think has much merit.

Senator **Humphrey**. It is Mondale-Humphrey now. [Laughter.] As the junior Senator I have to get in position.

Mr. **Radcliffe**. Now, I will just paraphrase the rest of my statement under the title of the final paragraph. We will oppose the abolishment of the U.S. Department of Agriculture as has been recommended by the administration in the shakeup of the Cabinet structure. At a time when farm prices are the lowest since the 1930's, we think this is an ill-advised proposal. We are also opposing the new rural revenue-sharing program if, as we have been told, it wipes out the new REAP or what was formerly known as the ACP programs, which was a cost-sharing program, as you know, that was very beneficial to farmers. The new rural revenue-sharing program is alleged to be in the process, if supported and enacted, of eliminating the Extension Services including the 4–H program.

Senator **Humphrey**. That has been changed.

Senator **Miller**. That is changed. I can tell you that I would never have joined in sponsoring that bill unless it had been changed.

Mr. **Radcliffe**. We are happy to hear that. But we still have some fear that the loss of some of these programs which are now putting money directly into farmers' pockets might through a bloc grant or the allocation of these funds to the States, to spend as they see fit, might result in taking the money away from the farmer and having it end up in the cities or industry that would be located in cities.

We are convinced that there is a better way to provide rural credit for rural America. We have been supporting a young farmers investment act for the young farmers leaving our State in large numbers and we've already heard about that today. We, too, are concerned about the impoundment of the funds that were appropriated for the Oahe irrigation unit. We are hopeful that these will be released. We believe there must be some better way to regulate the growth of corporation farming in this country. We made some efforts at the State level but with not any great success. We think something along this line could be done by the Congress of the United States.

We are looking forward to improved tax systems for rural America. Much of rural America today is depressed by high-property taxes. I am not sure what the Federal Government can do about that, but at least maybe they could help us provide some kind of a study to bring about and to point to some direction for improving that situation.

We support reenactment of the investment tax credit with a limitation of $15,000 or $20,000 as a maximum.

Rural areas have a disproportionately large number of our elderly people in the United States. We support continuation of such great programs as the Green Thumb program, Senators, and to enlarge and certainly continue that program.

Let me conclude by saying that rural America, including our semiurban cities and towns, is in deep trouble. The very fact that you are here today attests to that. We do not believe the ultimate answer will be found by a piecemeal approach of peripheral-type programs, whether they be revenue-sharing or some other innovating program. America is a great and wonderful country that simply cannot afford to allow its farms and rural towns to decay and waste away. What this country desperately needs is a national policy for rebuilding rural America with a willingness to attack the problem with as much determination and expertise as we have put into our space program. I can assure you that the results will be more rewarding for earthmen.

This subcommittee meeting here today, and with subsequent meetings, could well be the forerunner of such a national policy.

Senator HUMPHREY. We thank you very much, Mr. Radcliffe, my good friend, Ben. May I say that the whole subject of special revenue sharing will be gone into in considerable detail at a later time. We appreciate your commentary and I think there will be some information that will be quite helpful. We thank you for your other suggestions and proposals.

(Mr. Radcliffe's prepared statement is as follows:)

My name is Ben Radcliffe, president of the South Dakota Farmers Union, South Dakota's largest farm organization. At the outset I want to express my pleasure at seeing Senator Humphrey back in the U.S. Senate and on the Agriculture Committee.

While this hearing is primarily limited to the question of rural development, I assure you gentlemen that the real cancer killing rural America is not lack of programs or lack of study or lack of hearings such as this. It is the lack of fair farm prices. It is parity at 70 percent—the lowest since the Great Depression. We wouldn't be holding this hearing today and we wouldn't be talking about problems of rural America if the farmer was receiving a fair price for his products. Not only would the farmer be thriving, but so would the towns and cities of rural America. That may sound like an over simplification of the problem—but in fact that *is* the problem. Rural states like South Dakota will never be prosperous, nor will her towns and cities prosper unless agriculture in the surrounding country side is adequately paid so that its bounty flows across the city borders into the cash registers and payroll checks of our city businesses.

There's an old saying that depressions are farm led and farm bred. That's certainly true here in rural America.

However, there are areas other than price I would like to discuss. In addition to price—through sound farm legislation with which Senator Humphrey was so long associated—there are forces at large which would weaken the farmers dwingling monetary share of what he produces.

Perhaps the most pernicious—and I use the word advisedly—proposals are the recent recommendations of President Nixon to abolish the Department of Agriculture; and secondly, the proposed Rural Revenue Sharing Act.

Let me briefly discuss the elimination of the Department of Agriculture first. This Department was originally founded to represent the farmer and promote the science of agriculture. It is odd that at a time when farm prices are at their lowest level since the Great Depression, there is a move to eliminate the Department of Agriculture which was founded in the first place to be an advocate for the farmer and to develop scientific farming.

No one can dispute the fact that the Department of Agriculture has adequately promoted the science of agronomy. Our agricultural production is the envy of the world. Americans enjoy the lowest food prices of any industrialized nation, and, indeed, any nation in history. Every fourth acre of farm products goes for export to the hungrier nations of the world.

Not only do we export food, but maybe more important is the expertise we export. I think it's quite doubtful there would have been a Norman Borlaug or the Green Revolution without the impetus provided by the United States Department of Agriculture. It would be similar to dismantling the space program and starting over.

Perhaps more dangerous is the Rural Revenue Sharing Proposal. It could set agriculture and our ecology back 50 years. Under this program, the states would have the option of deciding whether they would continue with such time tested programs as REAP—known for years as the ACP which is nearly entirely devoted to sound land management and conservation programs, thereby making it one of the strongest federal programs in existence today in fighting pollution. And here I should point out that pollution does not begin in the lakes or streams, but at the original source. With the aid of the federal farm programs going back to the days of the dust bowl, the farmer need not apologize for his environmental record compared to the industrial polluters.

The plan calls into question the existence of the county agent program as well as the entire Extension Service including the 4-H program, since it would be up to the states to decide if they wanted them.

A critical part of the proposed Rural Revenue Sharing Program is the way the Census Department defines 'rural areas.' Funds, now going to farmers who need them, could be used as grants to industry which locate in rural areas. In other words, funds which now go to farmers might well end up in the pockets of industry. I urge this committee to reject that proposal.

There are other problems on the minds of farmers. One is the corporate takeover of American agriculture. (Exhibit) We believe federal laws should be made more stringent to prohibit tax loss and hobby farming, although we realize some progress has been made in this direction, much remains to be done. We are urging action in our own state, although the legislature still hasn't seen fit to respond to the need.

In this day of great ecological concern, we might well ask the Congress of the United States and the people of our nation, "who would you rather have as custodian of our soil, the family farm or a giant corporate farm complex?"

I wish also to call this committee's attention to the feeling of frustration in South Dakota and other states over the new presidential concept of impoundment of funds. In South Dakota it is delaying the start of the vital Oahe Irrigation Project, so long promised in repayment of the land inundated by the Oahe Dam. This money was authorized by the Congress but the President refuses to spend it. We believe with others this is an unconstitutional action by the President and in this case is delaying the start of an irrigation project that would provide some real rural development in central South Dakota.

Another area we suggest your committee look into, is the problem of state and local taxation. Here we suggest a federal study showing how much the agricultural sector pays in federal income taxes and how much in state and local taxation.

We can supply data showing that South Dakota agriculture pays the heaviest disproportionate share of taxes of any state in the nation. As an example, while South Dakota farmers and ranches made up only 1.5 per cent of the nation's farm and ranch population, in 1967, they paid 4.3 per cent of all personal property taxes in the nation. This is but one example.

Lack of adequate farm credit is another need. There is especially a need for a young farmer investment act. The last time I checked the average age of farmers in South Dakota it was in the high fifties. There are many young people who want to farm and who we will need on the farm if our agricultural production is to remain the envy of the world. But they simply can't afford to look at it as a career in the face of today's astronomical costs.

Let me say in conclusion, that rural America, including our semi-urban cities and towns are in deep trouble. The very fact that you are here today attests to that. We don't believe the ultimate answer will be found by a piecemeal approach of peripheral type programs, whether they be revenue sharing or some other innovating gimmickery. America is a great and wonderful country that cannot, simply *cannot* afford to allow its farms and rural towns to decay and waste away. What this country desperately needs is a National Policy for Rebuilding Rural America with the willingness to attack the problem with as much determination and expertise as we have put into our space program. I can assure you that the results would be more rewarding for earth man.

This sub-committee meeting here today, with its subsequent meetings, could well be the forerunner of such a national policy.

Senator HUMPHREY. Now, we have with us the gentleman who is the executive secretary, I believe, of the Farm Bureau. Am I correct? Gary Enright.

Mr. Enright, we welcome your comments.

STATEMENT OF GARY ENRIGHT, ADMINISTRATIVE DIRECTOR, SOUTH DAKOTA FARM BUREAU FEDERATION, HURON, S. DAK.

Mr. ENRIGHT. Thank you very much, Mr. Chairman and members of the committee. I will keep my comments to about 2 minutes today.

I am Gary Enright, administrative director of the South Dakota Farm Bureau Federation, representing several thousand farm families in South Dakota.

It is indeed gratifying to rural Americans to be made aware of the fact that urban residents of our great nation are turning again, in their time of need, to the source of all our wealth in this Nation, the land.

For most of our Nation's history, people derived the main source of their sustenance directly from the earth. During the so-called industrial and electronic age of the United States, however, people have forgotten that the source of all wealth and life itself, still comes from the soil.

We have developed generations of people who are firmly convinced that food comes from the supermarket and that farmers are something our ancestors used to be and something we would never encourage our children to become interested in.

In addition, we have literally penalized American agriculture for keeping pace with modern times and updating our methods of production so that each farmer is now able to feed 45 of his fellow men. We have been penalized by being subjected to increased costs of production which we have not been able to pass on to the consumer but have had to absorb ourselves. These costs have risen as much as 300 percent while we are still receiving prices similar to or lower than those paid for our produce 40 years ago.

We in Farm Bureau, however, would like to congratulate the President's Task Force for Rural Development and this committee for the work you both are doing in attempting to change the complexion of rural America. The report of the President's task force contains a great deal of valuable information and some very sound suggestions.

At the outset, however, the task force stated that rural development was not a new agency of government. Farm Bureau applauds this attitude for obvious reasons. We are becoming rapidly overorganized in government.

One important point to remember in this area of rural development is that the machinery is already in existence to implement the many outstanding concepts submitted by the task force. We are all truly interested in efficient rural development projects, and if that is true, then we should employ those servants and instruments already in existence.

We also applaud the statements of the task force in the area of suggesting that rural development employ the extensive use of local governments and private enterprise wherever possible. This concept brings us back to the true strength of the American system of accomplishment.

The task force was perceptive in its suggestions regarding nutrition, welfare, education, housing, health, water resources, development of natural resources, and better transportation methods.

We urge this committee, however, to recommend the employment of existing agencies wherever possible, in all phases of government to accomplish these noble goals in rural development.

I thank you, Mr. Chairman and members of the committee, and Congressman Denholm, for yielding some of his time so all could hear the voice of the farmer community.

Senator HUMPHREY. Indeed, we thank you and we will be careful students of the President's Task Force for Rural Development. I mean going to school right out here in this university and in Washington as well in studying this task force report and under the title IX of the Agriculture Act of 1970. We will be receiving five major reports from the administration on the subject of rural development. They are spaced over a year and each of those will be carefully gone over by the subcommittee and its staff and the full committee. So, we are in the process now, may I say, of a very intensive study and hopefully something more than study. I think we have studied these problems to death. We need to get some action and that is what you are talking about.

We have here also Congressman Abourezk, and I think it is only fair that I should ask him for a comment, if he has something he would like to say in reference to this testimony and his own views.

Representative DENHOLM. I will be glad to yield to my colleague.

Senator HUMPHREY. Yes, indeed.

Representative DENHOLM. Thank you very much.

Senator HUMPHREY. Yes. All of this will be made part of the record and we will expect to hear, of course, from your national representatives at a later date.

Jim?

STATEMENT OF HON. JAMES ABOUREZK, REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF SOUTH DAKOTA

Representative Abourezk. Thank you, Senator Humphrey. I want to compliment Mr. Denholm and Mr. Radcliffe and Mr. Enright for their contribution. I want you to know that I fully support Frank Denholm's farm plan, his family plan. I hope we can get something done on that.

Second, I just want to make a comment, that I think everyone ought to appreciate the fact that Senator Humphrey is doing what people talk about doing a lot but never get done and that is actually going out and listening to what the people have to say. It is something I have advocated for a long time. Too many times people in Washington, both in the Congress and downtown, the agencies, sit there in the confines of their four walls, think up a program for somewhere out in South Dakota, Minnesota, Nebraska, or Iowa, without knowing actually what effect it will have.

I refer specifically to the trucking regulations that the Department of Transportation tried to ram through here recently that would have a terribly adverse effect on rural people out in this part of the country. But this is the only way to do it, in my opinion, and I think Senator Humphrey, Senator Miller, and Senator Allen are to be commended for doing this.

Third, just for the record, Senator Humphrey, I might pass on some of the inputs I have received from people I have talked to out in rural areas about rural development. The lack of capital in rural areas is one of the major problems. I am not talking about borrowing money to buy land specifically or to buy cattle. We have the Farm Home Administration for that. It does not have enough money, incidentally, but I would just pass on for the record this suggestion, that where the Small Business Administration only hits one or two towns in my State of South Dakota, where it is impossible for people in small towns to apply to the Small Business Administration, why not consider making the Farm Home Administration a lending agency for small businesses in small towns, specifically for the reason that the machinery is already there and that there is generally an office, an FHA Office, in every county. I think that is something that everybody in the Congress ought to consider.

Senator Humphrey. A very practical suggestion, I might add.

Representative Abourezk. Thank you.

Senator Humphrey. And FHA is equipped for it.

We do have a statement here from Mr. Donald Jorgenson, Urban Supervisor for the Clay Conservation District, and I am going to ask that it be made a part of our record.

(Mr. Jorgenson's statement follows:)

STATEMENT OF DONALD JORGENSON, URBAN SUPERVISOR, CLAY CONSERVATION DISTRICT, VERMILLION, S. DAK.

Members of Rural Development Hearing Committee:

I am Donald Jorgenson, Urban Supervisor for the Clay Conservation District. The Conservation Districts are government sub-divisions of South Dakota charged with the responsibility, under State Law, of providing for the conservation and development of soil, water and all other related natural resources.

Today there are 70 Conservation Districts in South Dakota and more than 98 percent of the State's total land area lies within their boundaries. Some 41,000 farmers and ranchers are cooperating in their respective districts to carry out conservation measures to protect and develop the soil, water, timber, grass, wildlife and the environment.

Conservation Districts work with and provide assistance to public landholding agencies, municipalities and organizations when environmental problems are involved.

The South Dakota Conservation Districts with the technical assistance of the Soil Conservation Service are vitally interested and directly involved in such activities as Resource Conservation and Development, Environmental Education, Wildlife, Recreation, Research, Public Lands, forestry, water resources, watersheds, grassland resources and the Great Plains Conservation Program.

As a banker, I am very much interested in conservation programs and practices that make this area a better and more attractive place to live. I am concerned about the proper use of all of the natural resources. In this area, watersheds which combine soil and water conservation on the land with control and use of runoff by means of upstream structures such as the Brule, Pattee, Silver, Scott and Green Creek Watersheds are making the landscape more attractive. Locally we are in the process of developing a preliminary plan for the Turkey Clay Watershed.

Recently, the Lower James-Vermillion Resource Conservation and Development project submitted an application for assistance. This application resulted in people getting together in eleven counties of which Clay County is one—people helping to bring about a better place for people to live, work and play. They are aiming at total resource development in the eleven county area.

The Great Plains Conservation Program is another cost share activity. This program treats the whole farm or ranch unit with the necessary conservation practices to entirely eliminate erosion and conserve soil.

Resource planning is being done with units of government. The SCS, working through the established local Conservation Districts, assisted some 200 town, city and county governments with their individual soil and water problems. These projects include Salem, South Dakota Flood Control Project, providing soils information for SIMPO (Sioux City Improvement Metropolitan Planning Organization) and Union County Commissioners. The City of Mitchell requested assistance on a sediment survey of Lake Mitchell. Canyon Lake in Rapid City also received assistance with a sedimentation survey.

Feedlot pollution abatement requests in South Dakota number 250 with 50 plans completed and 20 feetlot owners have constructed the necessary conservation practices to reduce and eliminate pollution from animal wastes.

I feel that these Rural Development activities with proper assistance will improve the environment for human and wildlife populations, reduce pollution both from soil erosion (which incidentally consists of 80 percent of the pollution in South Dakota) and animal wastes.

Senator HUMPHREY. We also have a statement submitted by Senator McGovern to the Subcommittee on Rural Development. This statement was made available to us by Mr. McKeever of Senator McGovern's staff. And I am going to ask that following the testimony of the two Congressmen, that Senator McGovern's testimony be included in toto in the record.

(Senator McGovern's statement follows:)

STATEMENT OF HON. GEORGE MCGOVERN, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

I regret that I cannot be with you today in Vermillion but I have hearings of my Senate Select Committee on Nutrition and Human Needs in Washington scheduled for today.

I commend Senator Hubert Humphrey, Chairman of the Subcommittee on Rural Development, and my colleagues on the Senate Agriculture Committee, for arranging these important hearings on rural development and for coming to our State of South Dakota. We are glad to have you here.

In order to fully understand the future of agriculture for the 1970's we must be aware of what transpired last year.

The Agricultural Act of 1965 expired at the end of calendar year 1970. Early in 1969, we formed a group of farm organizations and commodity groups to work out the details of a new farm program. Eventually, there were over 30 of these concerned agri-business associations involved in this common purpose. The result of this effort was the introduction of the Coalition Farm Bill.

Despite the nearly unanimous support of agricultural interests we were unable to enact the bill, chiefly due to the opposition of urban interests and certain key figures in the Administration. We will now have to work within the framework of a bill which, for the first time since its inception, marks a clear retreat from the time-tested parity concept. I do not feel the bill we have now is a good one.

Although this Committee will be dealing with a number of various proposals for rural development, it is my view that there are few problems we have in rural America that could not be solved with decent farm prices. No other economic group receives so little return for their labor and capital investment as do those who work the land. Farmers are receiving 1930 and 1940 prices for what they sell and must pay inflated 1971 prices for what they buy. The top priority of this Committee—and all others who share our concern with rural America—must be adequate farm prices.

At the same time, farmers and rural residents have cause for keen interest in the discussion of national priorities going on now throughout the country.

The problems of the cities cannot be divorced from those of rural areas. Much of the migration of rural people to metropolitan centers has been caused by the lack of an enlightened farm program and the deterioration of employment opportunities in rural states, and that trend is damaging at both ends.

It was amplified during the depression of the 1930's. We saw the disruption of family life during World War II when millions of our rural youth went into service and, eventually, made their homes elsewhere. The result has been an older farm population with few incentives for the young folks to take over.

As consumers continue to demand more specialized and sophisticated packaging and processing of the food and fiber produced by American agriculture, an increased share of the food dollar will continue to flow to the processor, rather than the producer.

Those of us in rural areas must take advantage of this trend by developing more of the marketing procedures for the products we produce. There is no reason why we cannot capitalize on the potential for fully preparing the abundance of our land for market. This will require considerable expansion of our present capabilities together with the development of the new techniques that are in demand by American consumers.

New or additional land uses must constantly be considered, not only in terms of ways to increase the income of farmers, but also for the purpose of making rural communities better ones in which to live.

Local participation and cooperation can often succeed in developing recreational areas, artificial lakes and reservoirs or the better utilization of a national body of water, parks game preserves and many other public and private developments that use land for other than food production.

It should be kept in mind that the aggregate effect of expanding output of many farm products is to reduce product prices and total income from such products. Thus, new noncrop uses for land can, on balance, help farmers, at least until such time as public policy catches up with the need for the volume of food production of which we are capable.

Farms will continue to increase in size, they will basically continue to be family farms, although we will also see a continuing tendency toward specialized large scale enterprises along certain lines such as specialized hog feeding operations, large feed yards for beef cattle, egg producing facilities, etc.

We can expect to see a continued flow of new technologies into farming. There is available in our agricultural research stations enough new knowledge to feed the present rate of technological advance for 15 years or more. These things include improved grasses and grass production practices, improved wheat varieties, water management practices to reduce losses and to increase utilization by plants, improved feeding practices and improved strains of livestock.

Another development will be the continuing improvement of farm management We can expect to see electronic farm accounting become common as well as the use of electronic farm budgeting.

They make it almost impossible for young people to start without family backing unless we innovate further with respect to farm finance. We might have a greater coordination between local credit agencies who are willing to "place their chips" on a limited number of well-qualified young men without requiring much security other than the managerial potential of the boys themselves.

We may also see more two-man or multi-family farming operations. The livestock share-lease is used in this way presently, as is the grazing association concept. Lending agencies will probably tend more and more to lend to farmers on a specialized basis, employing farm management specialists as loan supervisors, and their loans will be set up on longer term, revolving capital basis.

Transportation technology has revolutionized the concept of the farm community. As a result the largest towns will continue to grow and will absorb certain of the economic activities given up by small towns as farmers shift their orientation and their trade.

We can look for improvements in rural housing and improved rural services—roads, schools, telephones and power.

We can anticipate an increased demand for all forms of recreation—public golf courses, tennis courts, parks, picnic areas, hunting, fishing and boating. People will lose patience with inadequate medical and hospital facilities, and will participate in more planning and action to consolidate redundant services and expand needed ones.

It will not be surprising to see pressure towards consolidation of county governments and similar adjustments in township and other local government units.

There is no fundamental reason why the plains area cannot be as viable economically and as satisfying socially as any other area. Whether it is or not depends on the balance between resources and people, the state of the arts, the institutional arrangements that bind people together, and the willingness of our citizens to influence our future course. My basic feeling is one of optimism; if we accept the challenge to take a positive hand in controlling our destiny.

Senator HUMPHREY. The Senator asked me to express his regrets at not being here. He is not on this particular subcommittee. I think it should be noted that Senator McGovern is chairman of the Senate Farm Credit Subcommittee and will be doing a great deal of work in that field for us.

Senator MILLER. I would just like to add a footnote to what we have received here in testimony in the last few moments. You have to almost become a member of the Senate Agriculture Committee and have to have served on the Conference Committee between the two houses to iron out differences to appreciate what I told the National Corn Growers Association in Des Moines a couple of weeks ago. I said there was not a single farmer in that audience who could not draft a better farm program, a better feed grains program, than the one we have. But the drafting of a better program and getting it through a Congress consisting of 535 members with many divergent viewpoints is another thing. So the farm programs that crank out of Congress are always a compromise. Nobody ever gets what he would like to get. A lot of things are in there that he does not like to have in and, as a matter of fact, it is getting tougher every time to get a farm bill through the Congress. They came pretty close to not even getting one through the House, as I recall. So, I think we have to understand that when we talk about what we are against and what we would like to have.

Another point on this investment tax credit. I was a sponsor of an amendment to provide for a $20,000-investment tax credit which I am sure you will go along with, instead of $15,000 at the time they were considering the Tax Reform Act of 1969. I am sorry to say it was defeated in the Senate. I am still for it and I will do all I can on it but you have to have the votes. Of course, a lot of people were prejudiced about the investment tax credit because our research indicated that while it was on the books, the some 250 major corporations in this country were getting about 70 percent of the rakeoff and the farmers and small businessmen were getting the crumbs. That prejudiced an awful lot of people. But if you can keep it at a limitation of $15,000 or $20,000, that would not happen.

Finally, there is always a lot of talk about farm prices but at the same time, I am acutely aware of the fact that what the farmer looks at is net income. There are two sides of the question. There is the price side and the cost side and inflation has been doing quite a job on the cost side. That is one reason why I said for a long time the farm economy is the one that gets hurt first and the worst by inflation. I am gratified the inflation rate appears to be slowing down dramatically, at least it did for the first quarter, but we have got to put a stop to it. That gets you into this problem of impounding funds and I think fairness demands that this be said, that the Congress did legislate an expenditure ceiling and it is very difficult for the Office of Management and Budget to make sure that all of the appropriations moneys are spent in line with that national expenditure ceiling. That is why I think just a few days ago the President was able to release some $250 million in funds because we are getting near the end of this fiscal year and one can see how things are balancing out. But we cannot have our cake and eat it. We cannot have all the money and expenditures we want and at the same time put a stop to inflation.

Thank you, Mr. Chairman.

Senator HUMPHREY. On this issue, there is a slight disagreement between the Senator from Iowa and the Senator from Minnesota, but we shall not burden you with this debate at this particular moment. We will come to that in the Congress.

Representative DENHOLM. Mr. Chairman, may I make this comment in the record—that from the best estimates available, if parity was at 85 percent on farm produced commodities the income to people in South Dakota would be increased by $75 to $100 million each year. Congress is debating whether we should adopt a federal revenue sharing plan of the President that provides only $7.5 million in grants to this state. The rural areas are not in balance economically with other segments of our total economy. When an improper balance occurs—a shift of population results. We can not legislate people or where they must live, but we can provide a sense of balance for equal economic opportunity between major segments of our national economy.

Senator HUMPHREY. You can see what we do in Congress. We have a good time arguing these things out.

As I understand, we have three more witnesses. Is Mr. Hargens here? And we have Mr. Fodness.

Mr. FODNESS. Right here.

Senator HUMPHREY. And we have Webster Two-Hawk, is Mr. Two-Hawk here? We are going to take about a 2-minute break. I just recalled that yesterday this dear lady, our stenotypist, was taking transcription for 6½ hours without ever having a chance to even stretch. And I think it is stretching time.

We will take a 2-minute break and we will be back to hear the testimony of our other witnesses.

(A recess was taken.)

Senator HUMPHREY. We will reconvene the Senate subcommittee. My colleagues will join me very shortly.

Our witnesses now are Mr. Ray Hargens and Mr. Virgil Fodness and then we will hear from Mr. Webster Two-Hawk, who I understand does not have printed testimony but will speak to us anyway. We are very happy to hear from him.

Mr. Hargens of Ida Grove, Iowa. Mr. Hargens, do you want to introduce your associates and proceed.

STATEMENT OF RAY HARGENS, SECRETARY, IOWA ASSOCIATION OF ELECTRIC COOPERATIVES, IDA GROVE, IOWA; DONALD MASTERS, PRESIDENT, NORTHWEST IOWA POWER COOPERATIVE, MAPLETON, IOWA; AND ARCH GUSTOFSON, NEBRASKA PUBLIC POWER DISTRICT, COLUMBUS, NEBR.

Mr. HARGENS. Yes, thank you, Mr. Chairman. On my immediate left I have with me Don Masters, who is president of the NIPCO organization. He is a farmer.

Senator HUMPHREY. Where is he from?

Mr. HARGENS. He is from Mapleton, Monona County, Mapleton, Iowa. And to my extreme left is Arch Gustofson, who is the community development supervisor. He is also with the Nebraska Public Power District.

Senator HUMPHREY. And what is your hometown?

Mr. GUSTOFSON. Columbus, Nebr.

Mr. HARGENS. My name is Ray Hargens. I am a farmer living southeast of Ida Grove, Iowa, and I am extremely concerned about the economic plight of farmers and farm communities here in the midwest. The perils of today's farming operation directly affect the economy of our farm communities and thus affect everyone living in the midwest, whether he be farmer or businessman.

Our rural community businessmen are recognizing our dilemma. Farmers have been experiencing stagnant if not falling prices for their products. To compensate for this price stagnation the farmer has had no choice but to increase his productivity and his capital outlay in an attempt to keep his income in pace with the rest of the economy. Those farmers who are not able to follow this productivity and capital outlay spiral have been and are being forced off the farms. Even those able to follow the productivity and capital outlay spiral have soon found that a point is reached beyond which increased productivity is absorbed by excessive costs. Farming efficiency percentages vary extensively according to ability, soil, irrigation, et cetera, and when that efficiency is reached and costs continue to spiral, one can easily understand why farmers go bankrupt. The individual farmer is caught in a market in which he, and he alone, has no control over the price of his product. He is plagued with the realization that he sells wholesale, yet buys retail. What businessman could endure that kind of a market? Farm prices have to be raised, and incentives provided to keep farmers on the farms and in the rural communities. The income of farmers must be raised so they may improve their substandard housing, so they may provide themselves with better health and dental care, and continued vocational education so necessary in today's rural community. The Federal Government could lower the interest rates on Farmers Home Administration loans and even increase the funding of this program. The Government could provide tax incentives for the farmer instead of consistently giving the windfall to big business. It is time the Government reviews the farm regions and stops trying to step away from the problems of the farmer and the farm communities. Suggestions, such as the abolishment of the Department of Agriculture as it presently exists, would not only remove the farmers' direct communication with his Government, but could result in the abolishment of other departments of Government, agencies and programs which try to boost the economy of rural America.

Remember, I am not just talking about the farmer, I am talking about rural America, which includes farmers and farm communities. These people depend upon one another to make a living, and when one segment such as the farmer is hurt, then the rural farm communities and towns experience economic woes. Their economics are directly affected by the farm dollar. Some of these communities hardest hit by the farm price stagnation probably could not even meet their financial share, which is usually 50 percent, to be eligible for Federal or State aid. Programs such as sewer and water projects, airport development, park lands and traffic controls are out of their reach. This situation is then compounded with a declining number of taxpayers due to a declining farm and farm community population. Our schools may soon be over-capitalized because of a decline in the number of students and on the other side of the coin this accelerating migration from the rural areas has helped compound the problems of congestion and pollution of the large metropolitan areas.

I see a need for the Federal Government to set the example and lead in the decentralization of its centers in large congested cities. The Federal Government should locate some of its facilities in rural America. Then maybe private industry will follow suit. This could alleviate some of the woes of the farm and farm community. It could boost the farmers income by providing off-season work, and provide jobs to help keep the rural population in the rural areas, thus keeping these people as taxpayers of the rural communities and not burdens of the congested cities.

It is understood that basic needs and requirements must be available and met to attract a Federal center or private industry into rural America. Needs such as water conservation, transportation facilities and the basic utilities, such as low-cost power supply and telephone, are a must. Rural America wants to be able to boast that it has the basis to attract Federal centers and private industry, but they need help to do this.

In 1968 the Water Resources Council of the executive departments increased the discount rates used by Federal agencies in evaluating proposed water development projects from 3¼ percent to 4⅝ percent, which will be increased on July 1, 1971, to 5⅝ percent. A decision of this sort makes many projects unfeasible at a time when the continued development of our natural resources for the benefit of people is paramount. Here again, the human element involved seems to be less important than the bookkeeping of the U.S. Treasury.

There are other programs that are viewed with dismay in this region. What is happening in the Missouri River Basin in regard to irrigation projects? Projects authorized 27 years ago have never been funded, and yet today with the urgent need for conservation and recreation, these funds remain frozen.

One program urgently needed to improve economic conditions and also enhance recreational opportunities is the complete development of our soil and water resources. It is appalling that the soil conservation service has been in existence since 1935, and yet less than one-third of our cropland has received proper land treatment. The Federal Government should expand the soil conservation program and increase the funding with the goal that all agricultural land will receive conservation treatment by a specific date.

Improved conservation will increase the need for improved transportation and rural America is generally at a transportation disadvantage. Following the completion of the present interstate highway system, freeway-type highways should be extended to rural areas for the specific purpose of encouraging industry to locate in those areas and to facilitate the movement of agricultural products to market.

The railroads are discriminating against midwestern farmers in the form of rail transportation rates, particularly on wheat and other farm commodities. In Montana, for example, the cost of transporting wheat is double when compared to the southern States where the railroads compete with water transportation. Add to this the inability of the railroads to provide adequate boxcar facilities and you can plainly see the effect the railroads are having on rural America.

Senator **Humphrey**. If you would tell me how we ever get those railroads to get those boxcars around I would be the happiest Senator in the U.S. Senate. I have spent half my life chasing boxcars. [Laughter.] I swear, every time the crop season comes up, those boxcars—they have got them laying over in Philadelphia where they are not growing soybeans in Philadelphia.

Mr. **Hargens**. They are not where they are needed.

Senator **Humphrey**. It is terrible. I have been of the opinion that the government should build them and lease them out to the railroads. I do not know of any other way to do it. Even for defense purposes. You farmers ought to get a little madder than you have been about that. I have had a full head of steam on for 25 years about boxcars. Every July, every June, that I have been in government I have had a delegation of farmers come charging down on me and saying where are those boxcars, as if I ran the railroads, and we never can get the Interstate Commerce Commission to get them delivered up.

Mr. **Hargens**. It is quite a feeling for a farmer when you are in the harvest season like on beans or something and no place to go with them. When the time is there, the time is there.

Senator **Humphrey**. There are terrible crop losses because of them. I think there is a railroad listening.

Senator **Miller**. I think all of us from the Middle West spend an awful lot of our time trying to get boxcars out to some of these areas. I think the main factor is the low demurrage rates which let them stay in the East without penalty, at least a penalty that will not cause them to send cars out here.

We will do all we can. It is a serious problem.

Mr. **Hargens**. Fine. We suggest major reforms in the government's transportation policies and control over uniform rail rates be mandatory.

The existence of commercial air service has also become a requirement for the location of the industry. Originally, all trunk lines received a subsidy. When they became self-sufficient the subsidy was gradually eliminated. Now today all of the local service airlines receive a subsidy which is similarly being reduced.

There are many small communities which need third level or commuter airline service and could support it if the third-level airlines would receive the same subsidy the trunk lines have received in the past and the local airlines presently receive.

This would facilitate the movement of freight and personnel and encourage industry to locate in smaller communities.

Groundwork for supporting an industry through rural development requires the basic utilities such as low-cost power supply. This points sharply to the need for adequate REA loan funds to build the distribution systems and power supply systems. The Rural Electrification Administration's 2 percent, 35-year loan program is possibly the soundest and most successful program the Federal Government has ever launched. Here is a program that seeks to help, and has helped the farmer and the farm community to provide the necessary and all-important package to attract Federal centers and private industry into rural America, and yet repays that trust with principal and interest. It is helping people help themselves. The return on the investment the Federal Government realizes from this program is not only monetary, but the program also enhances the quality of life in rural America.

With the increase in farm operations utilizing electricity and in order to increase electric production for industry, it will be necessary not only to continue but increase the amount of funds available for these programs.

The Federal Government should adequately fund existing programs before launching new ones. If it is trying to fund more programs than it can handle, it should eliminate lower priority programs and do a good job on those remaining.

The revenue-sharing programs proposed by the Administration may be the best solution to the problem of inadequate funding of Federal grant programs. In this way, rural areas could put the money into the programs most needed in their States without domination by eastern urban interests.

Rural America has a special need in providing public improvements such as water and sewer systems and housing, because its towns are small and must pay a higher rate of interest on improvement bonds than do metropolitan areas. The Federal Government should either increase the grants to rural America, pay the differential in interest rates, or sponsor a rural America development bank, which would buy municipal bonds for improvement projects in rural communities at interest rates comparable to those commanded by the highest rated municipal bonds.

To meet the future needs of our country we must develop a plan to reverse the rural to urban population flow. This can be accomplished by a realistic development plan.

We suggest that a 10-year program for natural resource development be implemented immediately. The economic effect would be immediate by providing jobs during the construction phase. It would further increase the economy by preserving our soil and water resources and increasing farm income. As the conservation projects are developed, recreational opportunities in rural areas will be greatly increased. Furthermore, much flooding and its attendant economic and personal losses would be eliminated. There is no other way the Federal Government could immediately pump economic life into rural America. Much of the surveying and engineering have been done. The technology is available. The economic impact would be immediate, thus making rural America once again good for all Americans.

Senator **Humphrey**. We want to thank you very much. It is splendid testimony and your suggestions are noted and very practical.

Senator Miller?

Senator **Miller**. Thank you, Mr. Chairman.

These are specifics we like to get. I would just like to comment on one of them and that is your recommendation for a follow-on interstate system which will develop better highway transportation in the rural areas. There needs to be a follow-on and I thoroughly agree with extending this to the rural areas because if we do not, we are not going to have the economic development that we want. I am very pleased to get this kind of testimony, Mr. Chairman.

Senator **Humphrey**. We are very grateful to you, Mr. Hargens. This is practical and down to earth and very helpful to us.

Do your associates have anything they would like to add?

Mr. **Masters**. No, sir, I do not have any prepared statement, but I would like to concur in all he said. And as chairman of the electrical outfit that serves 23,000 farm families in northwest Iowa, we are quite interested in the economic conditions of our farms. We have a lot of services that are not used in our community. Some organizations have probably as high as almost 20 percent and people have moved out, new services there, something that causes great concern because we are going to have to upgrade these lines.

Thank you, Senator.

Senator **Humphrey**. We want to compliment the rural electric cooperatives and other utilities for their services to rural America. I happen to think REA's can do a great job in community planning and community development in rural America.

Do you have anything else?

Mr. **Gustofson**. No, sir. It is a pleasure to be here.

Senator **Humphrey**. Thank you very much.

Senator Allen, I did not mean to bypass you. Do you have any questions?

Senator **Allen**. I would like to ask on the REA, as to the availability of electricity throughout the rural areas of Nebraska. We established yesterday that in Iowa, electricity was available to every person in the State that wished to avail themselves of electricity. What is the percentage here? What would the percentage be in South Dakota or Nebraska? Do you have those figures?

Mr. **Hargens**. The man from Nebraska can probably——

Mr. **Gustofson**. I do not have those figures, but of all the counties in Nebraska which we serve, I know of no one who is in need of electricity who does not have it.

Senator **Allen**. What about the rural telephone? Do you all have the figures on that?

Mr. **Hargens**. I am not too familiar with rural telephones. Maybe somebody else——

Senator **Allen**. Are you familiar with the fact that the Congress has recently passed, the Senate at least, passed a conference report on the rural telephone bank providing for a capitalization of $300 million to make loans to rural telephone systems?

Mr. **Hargens**. Yes, that is true.

Senator **Allen**. This $300 million will be paid in at the rate of $30 million a year and it will be an effort to add another loan source to the 201 telephone loan program.

Mr. **Hargens**. Mr. Masters would like to——

Mr. **Masters**. In answer to your question, Senator, in our community in northwestern Iowa, they have recently formed a cooperative for telephones and they have an up-to-date dial system with buried cables. It is in very good shape. It serves at least a dozen or 15 towns around Sioux City.

Senator **Allen**. Thank you. That is one advance that rural communities have made in recent decades, getting electricity and telephones, is that not right? And what progress is being made on getting water and sewer systems in the smaller communities?

Mr. **Hargens**. There are some surveys now being made. Maybe there is someone on this panel, some other gentlemen, that are in these areas—in my area where I live, there has been a survy made but that is all. I do know of other areas where this is a thing of the future.

Mr. Fodness.

Senator **Humphrey**. Welcome, Mr. Fodness. Do you want—we will come back on the question again if it is agreeable, starting with Senator Allen.

Mr. Fodness, we welcome you and look forward to your testimony. Would you introduce your three associates by name and if you will give their address.

STATEMENT OF VIRGIL FODNESS, EAST RIVER POWER COOPERATIVE, LENNOX, S. DAK.

Mr. **Fodness**. Mr. Chairman and members of the committee, my name is Virgil Fodness. I farm near Lennox, S. Dak., and am a rural electric cooperative director. With me today are three fellow rural electric directors. Harold McRae of Kadoka; Maurice Bergh of Florence; and Herman Holt of Parkston.

Senator **Humphrey**. I will ask the staff to be sure to get those names. Thank you. We welcome you. It is a good geographical representation of the State of South Dakota. How is South Dakota?

Mr. **Fodness**. Good, we have had rain.

Senator **Humphrey**. Rain in Kadoka. God, things are getting better. [Laughter.]

Mr. **Fodness**. The committee or rural electric spokesmen that have been involved in developing this statement on behalf of many of the rural electrics of North and South Dakota has directed me to present this testimony in their behalf. Time does not allow me to orally present our statement in its entirety. I will have copies of the full statement to submit to the committee at a later date and I appreciate this opportunity to present a summary of our statement at this time.

Senator **Humphrey**. We will accept your full statement and put it in the body of your testimony.

Mr. **Fodness**. Thank you.

The rural electrics which I represent are deeply concerned about the general economic and social conditions of the Great Plains region, which has often been referred to as the last major underdeveloped region of the United States. It is almost entirely a one-industry region, depending largely on the production and marketing of raw agricultural products for its economic livelihood. It is a region shy of capital and must depend largely on financial institutions located in large eastern metropolitan centers for private investment capital.

We are particularly concerned about the economic plight of agriculture. After almost two decades of declining prices received by farmers for their products, the climax was reached last November when the farm parity index slipped to 70 percent, the lowest level since the depression year of 1933 when it stood at 67 percent.

Depressed farm prices in the face of ever-increasing interest costs, plus generally higher costs of production, have forced economic ruin upon more than 1,000 farmers a year in each of the States in this region. It is significant to note that in mid-America, for every eight farmers that leave the land, one rural businessman is forced to close his store.

In the last decade, the two Dakotas and Wyoming comprised three of the four States in the Nation that lost population. We suggest that the most positive step toward rural development today is a decent level of farm prices to provide farmers a higher degree of economic justice.

We urge this committee to recommend legislation that would improve the farmer's bargaining power in the marketplace. Farmers have virtually no voice in how much they pay for their needs or receive for their products. Historically, the farmer's share of the consumer's retail food dollar has been 40 cents with the giant share of 60 cents going to the middleman.

We agree with you completely, Mr. Chairman, when you call upon America to give its citizens the fifth freedom—the freedom of residence. Years of rapid and unchecked outmigration from rural areas have resulted in overpopulation of metropolitan areas. Before the social problems in this country become unmanageable, a long-range population policy must be developed in the United States to bring vitality back to rural areas. This will cost money for domestic programs but it can be done.

Also, the section 5 REA loan program which was so quickly and unfortunately abandoned must once again be reimplemented and funded. This is a program whereby rural electric cooperatives can help farmers improve their living by making loans for electric equipment and tools and whereby small business and industry in small communities can find a source of loan funds in order to get established and create jobs. We urge this committee to call upon Congress to appropriate no less than $100 million as a start in reinstating this program.

REA recently told us that under either the REA mortgage or the new common mortgage—CFC, REA and/or others involved—rural electrics can expect much tighter controls in trying to aid in rural development and similar programs. Most of our money will have to go to cover debt service, operating costs, and so forth. This has come to us as a directive from a division of the Federal Government and CFC. Thus, if cooperatives are to still have a role in rural development, at least a sum of $100 million of section 5 funds must be provided.

We also plead with this committee to prevent the administration from further eroding the REA 2-percent loan program. REA has been one of the Federal Government's most successful rural development programs. While benefiting more than 20 million rural Americans, the REA program has paid more than $1 billion of interest to the Federal Government in addition to repaying on schedule virtually every penny of principle.

At a time when much of the Nation is continually exposed to the dangers of blackouts, brownouts, and freezeouts due to shortages of electric power, it becomes indisputable that the REA loan fund appropriations should be increased for both distribution and power supply cooperatives. Only the Congress can provide such increased appropriation and we urgently appeal to this committee to recommend such congressional action.

The National Rural Electric Cooperative Association's latest survey of loan fund needs of its members reveals that by the end of 1972 there would be a backlog of $964 million of unmet needs. Yet, the 1972 loan budget will meet roughly only one-third of these needs.

Here in the Missouri Basin States, this lack of adequate loan funds is particularly crucial. Rural electric systems have been hard put to carry on even with 2 percent money, because our consumer density in some cases dropped to less than one consumer per mile of line. The total average density is somewhere around only two or two and a half per mile.

If the Congress and the administration are truly concerned about rural development, and a better quality of life for rural people, we suggest that the slow strangulation of the rural electric program is hardly indicative of such concern. While the cooperatives have organized a supplemental source of capital, the CFC—National Rural Utilities Cooperative Finance Corp.—this institution is in its infancy, and cannot satisfy the current capital requirements of the REA borrowers.

Irrigation development in this region also is of great concern to us. We are deeply disturbed that our major irrigation potential in eastern South Dakota—the Oahe project—is still not funded. For 27 years this project has been promised, and our people have given up 509,000 acres of valuable river bottom lands to provide space for four giant mainstem reservoirs. This land now represents a loss from our State's tax base. To date the Oahe project remains just that—a promise, nothing more. There are other irrigation projects in this area awaiting funding—the Pollock-Herreid Unit, the Horsehead and Winona Flats project, and several in Nebraska.

It is also a matter of great concern to the people of this area that the cost-benefit ratio on water resource development projects be evaluated with more careful concern for the social benefits, rather than just the highest economic return to the U.S. Treasury. We deplore the fact that, in 1968, the Water Resources Council of the executive department increased the interest rate from 3¼ percent to 4⅝ percent or higher.

Senator HUMPHREY. Now that is going up, is that not right?

Mr. FODNESS. I understand——

Senator HUMPHREY. You understood that will go up on July first, 1971, to 5⅝ percent. Is that about it?

Mr. FODNESS. I believe so.

Senator HUMPHREY. Go ahead.

Mr. FODNESS. We also call for redirecting Federal efforts to establish a population balance in this Nation. Today 75 percent of our people live on 2 percent of the land, and some of our urban areas are in danger of becoming unlivable.

Certainly, some of this imbalance of population can be blamed on the Federal Government itself. The Government tends to concentrate its grants to institutions, its procurement contracts, and various installations on the east and west coasts and in large cities. The Missouri Basin States deserve a greater consideration in selecting sites for Government projects and facilities. We applaud the decision to locate EROS here. We plead that the Federal Government locate more than just missile sites in this area. Also, regional offices and other Government facilities need not necessarily be located in Washington, Chicago, Denver, or other large cities.

The status of public transportation, both the rates and services, also deeply disturbs us. In the last 2 years, freight rates on the shipment of grain products have increased 23 percent, and yet such increases do not seem to help the railroads, which are abandoning numerous services now to small towns. Railpax or Amtrac seems intent on abandoning railroad passenger service to rural areas.

We are concerned about the discriminatory freight rates paid by midwestern farmers and annual shortage of boxcars. It would seem major reforms in the Government's transportation policies are mandatory.

We believe it is vital to our rural communities that they have adequate access to the Nation's interstate highway system. Primary roads must be constructed that will allow the same loads to be transported to and from these communities without penalty.

The declining quality of life in most of the rural States calls for programs to enhance rural America. For too many years we have neglected to adequately fund rural housing programs, water and sewer programs, and many other public services. Medical and dental services and help to the elderly and handicapped are just not available in many rural communities. Our people do not want to leave this area if they have a chance for a decent life here.

Many programs already exist that can help meet the needs of rural America if these programs are more fully funded.

Why no regional development commission? Twenty-five years ago, Congress made a tragic mistake in rejecting a Missouri Valley Authority recommended by President Roosevelt. Since that mistake, this region's history has been one of economic decline.

This region instead ended up with a compromise—the Pick-Sloan plan. While this plan has brought some benefits to the region, it cannot be compared with what has taken place in the Tennessee Valley Region. Planning in the Missouri Basin region is to be lamented while TVA has brought about almost unbelievable growth based on a solid economic foundation of low-cost electric power.

It appears that we have not learned from our mistakes of the past. We have failed to establish a Missouri Basin Planning Commission, and a Regional Economic Development Commission.

We have to ask the question here—why have these vehicles for development not been established in this region? It seems that the history of this region is always coming in with too little and too late.

In spite of the fact that practically all of the Governors, Senators, and Congressmen in the region have petitioned this administration for the establishment of a development commission, they have been stubbornly refused. This is hard to explain because such machinery for development already exists in most other regions that had special development problems. Congress has appropriated $500,000 for the implementation of a regional planning commission as provided under Federal law.

We said earlier that the Upper Great Plains is often referred to as the last major underdeveloped region in the continental United States. We have to repeat our question, therefore—why have not such development vehicles as the Regional Planning Commission and the Regional Economic Development Commission been established?

Thank you, and again we appreciate the opportunity to present this statement.

Senator HUMPHREY. We do thank you very much. I think you know that back in my earliest days in the Senate I was the sponsor of the Missouri Valley Authority. I thoroughly agree with you, the kind of planning that would come out of that authority. Fortunately, at least we got Pick-Sloan that has had some decided beneficial effects. The Regional Planning Commission—are you speaking of something like the Appalachia Commission and the Upper Great Lakes Commission, and having Missouri and Missouri Valley Commission——

Mr. FODNESS. Yes.

Senator HUMPHREY. I see no reason why we should not be able to get that. We have all these different commissions for the different parts of the country. This apparently just was not pushed hard enough.

Do you gentlemen have any commentary that you wish to make?

STATEMENT OF MAURICE BERGH, CODINGTON-CLARK ELECTRIC COOPERATIVE, FLORENCE, S. DAK.

Mr. BERGH. Yes, sir. My name is Maurice Bergh. I am a farmer living in Florence, midway between the two towns of Florence and Wallace, and being a farmer I would have to speak to this issue as it looks to a farmer.

Thirty years ago the town of Florence was a thriving busy little community, lots of people, lots of activities.

Senator HUMPHREY. That is where I was born.

Mr. BERGH. Today this town is but a shadow of what it was 30 years ago. The population, sure, is somewhat smaller but I do not think this is alone the problem. We have approximately 2,367 members in the Codington-Clark Cooperative Services area. We have 500 idle services. I think this is the problem in Wallace, S.D.

Senator HUMPHREY. What do you mean by 500——

Mr. BERGH. Built and not being used today. This amounts to something over 25 percent of our active membership. These people have left the Wallace community. This has affected our churches, our schools, our social centers. It has created, I think, a problem in my opinion.

What has this done to the people that are left? We have to pick up the bill for the people who move out of our cooperative. We by law as a cooperative are pledged to serve 100 percent of the people if they desire service. We tried to do that and we have very nearly succeeded in doing the 100 percent but the people that are left are now paying the bill, paying for those lines, and doing it at a time when we are receiving as was mentioned before today, approximately 70 percent of parity. We are victims of inflation like everyone else. Our employees like highways. They are used to working for $3 an hour. Now they want $5, $6, $7. I do not blame them for this. They are justified. I bought a new truck last fall that cost almost double what a comparative truck cost us in 1960. Our members have to pay these bills. That is the only source of revenue the Codington-Clark Electric Cooperative has and this has to come from the farmers and they are receiving 70 percent of parity.

In my opinion, gentlemen, give us parity income and I believe that you can solve many of the economic ills of our entire country. Thank you.

Senator HUMPHREY. Any other questions, gentlemen?

STATEMENT OF HAROLD McRAE, WEST CENTRAL ELECTRIC COOPERATIVE, KADOKA, S. DAK.

Mr. McRAE. I would just like to mention what happened. This is on Atherton. I took an 11 mile square area and made a map and on this county map I wrote in the names of everyone that lived there at the time. And there are 54 homestead farms in this area at that time. I just happened to pick this map up 9 years later and, my God, I thought to myself, this cannot be. And I started marking them off and I would up with 19 left out of 54 in a 9-year period. That is what has happened to our area and the same thing as Mr.

Bergh said, farmers that are left in that area are paying the bill for those idle services to those places.

Senator **Humphrey**. Senator Miller? You had a question?

Senator **Miller**. Well, first, I would like to make a comment on Senator Allen's observations, that we received testimony there were not any rural people without electric service. There sometimes is a fatal and nonsequitur reaction that, therefore, there is no need for a 2 percent interest rate. But the fact is that energy requirements in the rural areas are growing. They need to have new equipment. The new equipment costs far more than what you bought the old for. You have got to have equipment if you are going to have rural development and I think 2 percent interest money is here to stay for a long time.

I would like to have you know that that is the way some of us feel.

I would like to ask Mr. Fodness this question. On the Section 5 REA loan authority that you recommended be funded, what is there that Small Business Administration either is not doing or cannot do?

Mr. **Fodness**. Well, I think it is more accessible to the farmer. As you know, we have an outmigration of farmers and there are a lot of young farmers and I think that this is a loan they could get more readily.

Senator **Miller**. I am thinking in terms of where you said small business and industry should be able to find a source of loan funds because I personally in my office have processed and followed up on a number of SBA applications for that very type of business. If SBA is doing the job, then, of course, we do not need to have something else. If it is not doing the job because it in turn is not given enough money, that is something for us to look into. But I think that mainly in my State, the applications relate to Small Business Administration loans and they are doing a pretty good job.

I was wondering if you have a deficiency in SBA loans for that purpose out here.

Mr. **Fodness**. I am sure they are doing a good job. There are some co-ops that have used this 5 percent, or this loan—I think yours is one of them. Probably you could comment on that.

Mr. **Bergh**. I am not sure I understand you, Senator Miller, when you talk of the Small Business Administration. We have used Section 5 loans in our cooperative for I do not know how many years. I think we had approximately $250,000 invested at one time. This went largely for bulk milk tanks, silo unloaders, home improvements, water—things like that.

Senator **Miller**. You mean the individual farmers?

Mr. **Bergh**. To the individual farmer, yes.

Senator **Miller**. All right. Well, I was really directing my question to this part of your testimony on page 2, Mr. Fodness, where you said, "And whereby small business and industry in small communities can find a source of loan funds in order to get established and create jobs."

That was the only aspect.

Mr. **Fodness**. Yes. Knowing that is there, this would be an additional way of getting that.

Senator **Miller**. Thank you.

Senator **Humphrey**. Yes, Mr. Fodness.

Mr. **Fodness**. I would like to respond to Senator Allen, his question earlier was in regard to creation of rural lines and of water and it so happens in my area—I live close to Sioux Falls and just to the north of me, Harrisburg has had a water problem and they have in fact, just got a large loan now to develop a water program, similar to the REA program, and they are getting a lot of cooperation from the City of Sioux Falls, so it is being done, and we also have——

Senator **Allen**. I am glad to hear that.

Mr. **Fodness** (continuing.) An underground telephone service.

Senator **Allen**. I notice the telephone companies are setting up a private bank. That would be in addition to the rural telephone bank that Congress has just set up. Is that right? Do you have any idea what its capitalization would be?

Mr. **Fodness**. No, I do not know.

Senator **Humphrey**. Gentlemen, we want to thank you very, very much for your time and your testimony. Again, I am afraid that we have not done justice by you by really going over your statement as carefully as we could but you have given us practical information. We appreciate it. This testimony will be followed up. We will take a look at your suggestions, particularly current problems, and see what we can do to be of help.

Thank you very, very much for your time and patience.

Senator **Miller**. Could I ask Mr. Fodness one thing? You refer to a directive on page 2; could you supply me with a copy of that? I would like to look into it.

Mr. **Fodness**. All right. Thank you.

Senator **Humphrey**. At this point I would like to enter into the record the testimony of Carl D. Paulson, general manager of Northwest Iowa Power Cooperative, which was made available to us.

(Mr. Paulson's statement follows:)

STATEMENT OF CARL D. PAULSON, GENERAL MANAGER, NORTHWEST IOWA POWER COOPERATIVE, LE MARS, IOWA

Mr. Chairman and committee members, my name is Carl D. Paulson and I am General Manager of Northwest Iowa Power Cooperative with headquarters located in Le Mars, Iowa. We are pleased to see the Congress finally taking an interest in our rural problems and we hope these hearings will speed the day when some positive action is taken to alleviate our problems. We are also happy to have the privilege of preparing and presenting a statement concerning our feelings and we stand ready to assist in bringing about a solution as soon as possible. Northwest Iowa Power Cooperative, better known in the area as "NIPCO", is an electric transmission cooperative delivering Missouri River Power to approximately 23,000 farms and sixteen municipal utility systems having a combined population of 37,800. The area we serve in western Iowa is one of the finest agricultural areas in the United States and at the same time it is one of the most economically depressed areas. There are many reasons for our being economically depressed, but the principal one is the money the farmer receives for his products which has not kept pace with the economy. In fact it has changed very little in the last twenty years. Evidence of this is the fact that late in 1970 the farm parity ratio slipped to its lowest level of 70% since the depression period of December 1933 when it was 67%.

Most of the farmers have been able to live with the farm price problem by increasing their production through improved techniques or farming larger amounts of land. We in the rural electrics like to think that we had a part in helping the farmer increase his production but we believe that he has just about reached his limit. Either we soon make the farming climate more palatable to the individual farmer or big corporations will take over the farms and dictate the prices everyone will pay for their products. You don't need to be told what will happen to your food prices then. I do not profess to be an agricultural or economic expert but it seems to me that we are paying for a sufficient number of these type of specialists in the government to come up with a logical and workable solution. The farmer receives numerous promises at election time but for the past few administrations promises seem to be about all he gets. We don't need any more promises. We need action and we need it soon. Farmers are a unique group of people. Most of them are independent yet they are also the first ones to cooperate with their neighbors to get a job done that needs to be done. The organization of the rural electrification program by the farmers is an example of this.

Another reason for the plight of the farmer is that new or additional industry has developed in the rural areas at a very slow rate thus causing little or no off-season employment opportunities for the farm family. This has resulted in our young people migrating in sizable numbers to the large population centers. This in turn has added greatly to the cities overcrowding and pollution problems and has caused a great loss of population and earning power in the rural area. In today's economy a good percentage of our farm families must simply "moonlight" at other jobs in order to make ends meet.

To meet these needs of our country folk we must do something soon to reverse the flow of the rural population to the cities. We must double the present average farm income. We must first increase the prices paid for the farm products and at the same time attract industries to the rural areas which will augment the farm work. Some of this industry must be of the seasonal type that will employ the farmer during his off-season farm work load and others must be of the type which will process the farm produce so that more of the monetary gain from the product will stay in the rural areas. One such industry which could lead the way in rebuilding the rural areas is the location of various government functions in the rural areas. The government could actually take the lead in the movement of industrial type employment to the rural and small town areas. Until now most of this type of government industry has been located either in, or adjacent to, large population centers making the congestion and pollution problems worse in those areas. An example of such a movement would have been the Space Center which was located in Houston, Texas, a city already having a population of over a million. Centers for handling retirement and disability pay for veterans and government employees were located in Cleveland and St. Louis. This list could go on and on with similar examples and usually the cities involved are those with the greatest problems related to congested population.

What could be a better industry for a small rural area community than a U.S. Government record keeping facility employing a few hundred people. It may even be possible for the government to save a considerable amount of money in making this move because the work would be away from the large population, high salaried areas.

Another large government function which could greatly improve the economy of an area would be the location of military facilities in our area; yet it seems that every time the decision is made to close a military base the ones in our area are the ones which are shut down and the ones in California or other warmer climate areas are the ones kept open. Again, in a good many cases the military bases kept open are at or near large population centers. From this, one would judge that the military experts have determined that our future wars will be fought in warm climates and near big cities. This is certainly not true.

As an example of the scarcity of military bases in this area there are none in Iowa, only one in Nebraska, one in South Dakota and a couple in North Dakota. Some of these are quite small as far as number of personnel or payroll is concerned. It seems this is another area where the Federal Government could do a great deal to help the economic situation in our area and other depressed areas. With leadership of the government in establishing facilities in the rural areas, other industries would surely follow. This has been the case in other areas and we think it would continue here. For every new job created in the rural area, new requirements would be created for serving these people by adding more, but economically advantageous, problems to the employment picture.

We strongly urge the Federal Government review all of their functions with the idea of moving as many of them as possible to the rural, economically depressed areas, such as ours, and to give continuous top priority to locating in these areas whenever possible.

None of this can become a reality without a good base for economic growth in the form of utility service including water, light and sewer systems, housing, transportation, and other services. This is where we must start in building our rural economy and this must begin immediately. In rural electrification power supply we plan on doubling our facilities in order to meet the normal expected growth and we must do even more than that if we expect to build our part of the added base to attract new industry. We are ready and willing to meet this challenge except for the fact that we do not have sufficient finances available. We believe the Federal Government can be of great help to the rural areas by continuing and enlarging the present REA loan program, both distribution and the power supply level. They should also make ample financing available to rural water, sewer and similar programs so that the rural areas can build a desirable industrial base to attract all types of industries for one of the greatest economically depressed areas. With sufficient funds to rebuild rural America we will once again be able to stand up and say, "Rural America—Good For All Americans!".

Senator HUMPHREY. Also there are two splendid articles that appeared in the magazine of this particular university. The first is entitled, "The Inaugural Charge" by Dr. Lawrence Stavig, and the second is the inaugural address of Dr. Richard L. Bowen of the University of South Dakota. Both these addresses reflect constructive and perceptive thoughts on problems that face rural America, and I am asking that they be placed in full text along with other testimony today in the record.

(The articles referred to follow:)

INAUGURAL CHARGE—DR. LAWRENCE STAVIG

I think I am not saying too much when I say that a great host of people have a deep and abiding stake in what is happening here today. The faculty and staff of the University include many who are giving a substantial part of their lives in this place. They are greatly concerned about the future. The alumni and present student body, and in addition great numbers of young people still in the grades and high school, have an important interest in what the future of the University will be. The eyes of our state look toward Vermillion today as a young man becomes our president. I am expressing the feelings of them all when I say we are wishing for you, the new president, not merely a passable administration, or even one that is above the average. I know we are united in wanting this to be a time of outstanding achievement, of unusual progress and accomplishment under skillful, inspired leadership. In short, we expect great things of you.

Now for the charge. I think perhaps I might sum up our charge, our challenge and expectations by saying, "We want you to bring to the University and to all connected with it an enthusiastic and confident vision, an enlarging vision, of what the University ought to be, if it is to be adequate for its opportunities and responsibilities." Vision is an essential ingredient if there is to be significant progress and achievement. There is need of someone who can articulate desires and needs, then organize the programs and actions that are required for their fulfillment. This we in this country understand, for America came into existence because men dreamed of a nation where all men would have equal opportunity and rights. They had the audacity to envision a land where ordinary people would have the right and the capacity to govern themselves. There is no limit to what men can accomplish if they commit themselves to a dream. I have been reading the biography of one of the most illustrious graduates of this University, Ernest Lawrence. One of his colleagues in research tried to explain how Ernest Lawrence was able to command almost superhuman response from those who worked with him. Said this man, "It was not that he was a slave driver, though he kept you going at full speed and the pressure was on, but his own innate enthusiasm. He sort of imparted it to people and they of their own accord gave their maximum." Mr. President, draw into your dream and vision the members of your faculty and staff and student body, your regents and the State Department of Education, the governor and legislators, your colleagues in the other colleges, as well as the rank and file of our citizenship, that there may come into being ideas great enough to kindle enthusiasm to command commitment, to release spirits and energies, and to unite all in a common loyalty and purpose. Be hard-fisted, be realistic and down to earth in your understanding of what is required if dreams are to become realities. But there must be in you an abundant measure of clear vision and abundant faith. Share your dreams, set your professors to dreaming, set your students to dreaming, set our people to dreaming. Then combine these dreams into an energizing whole. It is unbelievable what can be accomplished when people begin to dream of what ought to be.

At this point let us make another suggestion. Every great university will include many characteristics common to any other great university. But every university ought also to develop a personality and characteristics of its own. It would be tragic were the University of Alabama and the University of California and The University of South Dakota all to be alike. I would hope that you would seek to study and understand and then express and reflect the personality of our area. What a variety is to be found here! Beautiful rolling hills with the green of corn and the gold of wheat fields. Great cattle ranches, oil wells, gold, the great Lakes of Missouri nested among the majestic river bluffs, the fantastically beautiful formations of the Badlands. The woods and mountains and lakes of the Black Hills. Blizzards, hail storms, tornadoes, floods, searing heat, drought, beautiful sunsets, the memory of cowboys and gamblers and Indian wars, ducks and geese and pheasants and prairie chickens and deer and antelope and mountain goats. Capricious, changeable nature. Hopes raised high by bountiful harvest and promising future. Hopes dashed as massive disaster wrecks what men have wrought. A hundred years of struggle as people have tried to find the key to this variety. Our university ought to be deeply aware of this variety of background and experience and then in some way to be truly a university with personality. Young people who study here ought to understand what has transpired and what ought to take place in the future.

In every hand is the evidence that South Dakota is in process of transition. Drive anywhere and you see empty farm buildings. Small towns, once centers of education, business, religion, agriculture, and professional services, have empty buildings and are only shells of earlier dreams and realities. Their people watch the stream of traffic that rushes by to larger centers. The great lakes of the Missouri, together with our western mountains, have made us one of the tourist centers of the nation. What will South Dakota be 10 or 20 or 50 years hence? In a time when the overcrowded ghettos create seemingly insoluble big-city problems, the great spaces of the prairies open the promise of very interesting developments. Without question, a part of the solution of the problems of the cities will be tied up with new and better uses of the broad prairies. Let us not be content merely to feed manpower and human resources into the already overcrowded population centers of our country. Such an institution as this ought to become even more a training center to provide leadership in helping our people to plan and carry out the future development of our state.

I cannot stress sufficiently the importance of the University's responsibility in the discovery of outstanding talent and awakening the student to the thrilling opportunity and awesome responsibility connected with exceptional potential. Probably it is true that unusual talent is of such a nature that it will go a long way toward the discovery of itself. But how important it is that time be not wasted and that a brilliant student be led through the great experience of self-discovery as early in his career as possible. Let us never make the mistake of assuming that there are no such among the youth who come from the farms and small cities and towns of our state. Hubert Humphrey with great glee only a few weeks ago reminded me of the survey of states of birth of the members of the United States Congress, which showed more native sons of South Dakota than of any other state in that August assembly. I do not have exact statistics, but have been told that out of all proportion to population, the upper areas of the Mississippi and Missouri River Valleys supply national leadership in business, education, the arts, and government. Does it say anything that two of the present potential candidates for the presidency in 1972 are native sons of South Dakota? There must be a perpetual talent search to uncover those sons and daughters who possess natural talent and to get them started early in their preparation for life. But in some ways an even greater challenge is to be found in the far larger number of those who are average or above but still short of genius potential. They will carry a large share of responsibility in the solving of the problems of this period of revolutionary transition. These normal, capable people will carry the load in local business, in the professions, on the farms, as teachers and administrators at the elementary, secondary, and college levels. These are the people who will make decisions concerning bond issues, school enrichment, hospital buildings and urban renewal. They will elect city commissioners and mayors, and legislators, and governors and congressmen. It is easy to become narrow and small and limited and critical and selfish when we face decisions involving taxes and expansion and changes. Denver used to have a slogan on one of its public buildings, "Give us men to match our mountains." We need people to match our prairies, our lakes and rivers, and our mountains. If our people ten or fifteen years from now fail to measure up to their opportunities and responsibilities, it may well be because we are failing them in their days of preparation.

There can be no question concerning the responsibility to develop quality education in whatever areas you operate. You will be untrue to your calling if you sell your students short by anything less than adherence to the highest standards. There can be no justification for shoddy work or careless planning and teaching. The demands in every profession or field of specialization are so exacting that there can be no deviation. It is a wise move when various institutions plan together to eliminate duplications in order that quality may be maintained. I only pause to remind all of us that we must be very careful not to place so great emphasis upon successful performance in a field of specialization that we rob the human personality and character of some very essential ingredients.

I think I can illustrate what I mean by referring to another brilliant native-born South Dakotan, Merle Tuve, also born at Canton, grew up as the close friend and early associate of Ernest Lawrence. After receiving his Bachelor's degree at the University of Minnesota, he went on to brilliant doctoral study at Johns Hopkins and Princeton. He was one of the original committee of five called in for consultation by President Roosevelt when he made the decision to attempt a nuclear bomb. Later, Merle Tuve headed the team charged with finding a way to stop the Hitler blitz in England. They were successful and made the discovery that was an important element in dulling the edge of the German attack. A tremendous observer and one of the truly great contemporary scientists! When Princeton University called together representative graduate school alumni to form a new organization, Merle Tuve was invited to deliver the principal address. Some years later, when my son entered Princeton in work toward a doctorate in English, he was given this speech to read as a part of his orientation requirement. In his address the distinguished Dr. Tuve discussed the question whether education is meeting the needs of the world. He spoke of the emphasis upon science today in all areas of education. Then came this sweeping indictment:

"I have seen educated leaders with real poise and serenity of purpose, but for everyone of these I have seen 20 or 40 who were shaken and uncertain, technically competent, but anguished or disturbed, or hopeless and empty in the real core of their being." Then he called for fresh recognition of the importance of poetry; of aesthetic and spiritual understanding and expression and sums it up in these words, quoting Milton:

"The end, then, of learning is to repair the ruins of our first parents by regaining to know God aright, and out of that knowledge to love Him, to imitate Him, to be like Him, as we may the nearest by possessing our souls of true virtue."

He calls this "Arresting language, traditional expression not often heard anymore in the circles I travel."

This is very significant language coming from one of the great scientists of the world. It may be that here is to be found one of the reasons for the present-day unrest among our youth. Here in America we have succeeded in building the greatest technological civilization in history. We are affluent to a degree no other humans have ever experienced. For many people it seems enough that we have food in abundance, beautiful, comfortable houses, fine automobiles, interesting travel, good hospitals, and toward the end of life, comfortable retirement. But somehow this does not appear to be enough. Maybe our children read us better than we read ourselves. A recent magazine editorial takes seriously the present turmoil and calls it a "struggle for the domination of America." It goes on to predict that "The heart of the struggle will not be carried out in the rioting ghettos. Rather, the conflict will occur on our campuses. There has been mounting the most threatening challenge to our way of life in this century. It was the students who finally asked if split-level houses and color TV weren't a pretty shabby thing to live for. The challenge is open, particularly to parents who slave and pay enormous taxes to get their children to college, only to have them reply that a technological education to make money is no education."

The modern prophetic voice of John W. Gardner hauntingly puts it this way: "Comfort isn't enough. Ingenious diversions aren't enough. Having enough of everything isn't enough. If it were, the large number of Americans who have been able to indulge their whims on a scale unprecedented in history would be deliriously happy. They would be telling one another of their unparalleled serenity and bliss instead of trading tranquilizer prescriptions."

This is the great ultimate challenge to you, to all of us in this generation, to recognize the deep longing and hunger of the human spirit, to find what will provide truly abundant living. We must even ask the question: Is the human being such that it is possible for a person to have everything and at the same time possess a satisfied spirit? There must be some ultimate, final answer when we ask: "To what purpose is all of this done?" I think we need to confess our inadequacies—then in true humility to join hands with our children and youth to find that which will still the restless turmoil of the human spirit. Mr. Gardner quotes George Bernard Shaw in a statement that might well be hung in the offices of the president and senate and faculty of every university, "I like to believe the university will stand for the future and the past, for the posterity that has no vote and the tradition that never had any . . . for the great abstractions, for the eternal against the expedient, for the evolutionary appetite against the day's gluttony; for intellectual integrity, for humanity, for the rescue of industry from commercialism and of science from professionalism," then Gardner goes on. "I like to think that the university will stand for things that are forgotten in the heat of battle, for values that get pushed aside in the rough and tumble of everyday living, for the goals we ought to be thinking about and never do, for the facts we don't like to face and the questions we lack the courage to ask."

This is the ultimate charge and challenge to you as president of our university in an interesting, tumultuous time.

INAUGURAL ADDRESS OF DR. RICHARD L. BOWEN

Dr. Stavig has presented a very difficult challenge. This comes as no surprise. It is what I expected when I asked him to do the University this honor. He has always been unmincing in his standards, both for others and for himself.

Lawrence Stavig has significantly affected the lives of thousands of people of this region directly or indirectly, often simply by example. Having spent a good part of his life in private higher education, he possesses the vision, as his contribution today illustrates, to encompass the whole definition of higher education, and to identify the role which a public deserves to expect of its public university.

I would like to respond to the two themes that I find in his challenge: First, as the challenge pertains to The University of South Dakota specifically; and second, as it pertains to the current role of higher education generally.

A meaningful response requires an examination of where we are. The direction we determine to take in this "interesting, tumultuous time" must be from where we find ourselves. We here are the latest result of the work of several generations of predecessors. We carry out their aspirations and purposes much as we would expect people a generation from now to be living out plans that we have laid.

We have no choice about it. We can proceed only from here, where we are.

I will say plainly my judgement that we are privileged. Only occasionally does a community experience a point of time when rather fundamental change is imminent. The people at hand who happen to be functioning within a community at such a time are privileged in that they can materially determine how the community will adjust to change, how it will redesign its role within the greater community, how they and their institutions will undertake different responsibilities toward achieving somewhat different goals.

We are closely approaching or have reached such a point in time in South Dakota. For people who, like us, are privileged to live in a period of flux, and therefor opportunity, real accomplishment that will have long-term effect becomes readily possible. We are privileged in a genuine sense. Boredom is not lot. Opportunity is.

Two conditions lead me to this observation. One is the particular point South Dakota has reached in its historic and economic development. The other is the unique quality of our environment.

As South Dakotans, we have a telling time in which to work. Look at what has contributed to our present point of departure.

Almost within memory of some of the living, immigrants opened this place up. These people had guts; confidence; pride; daring; imagination. They achieved little personal recognition. They simply opened the way. But their kind are the fundamental stock of this region.

But then, within one generation of statehood, there was severe economic collapse. The agricultural depression in this region began well before the general economic depression.

I believe the Great Depression affected South Dakotans more than most other Americans. I think we as a people are more than usually scarred by the experience. A state having so little time to prepare lacked the tradition, the development, requisite to respond positively to seemingly universal disaster. Confidence and hope were in large part obliterated. The setback was greater than for most other regions. Many of our most able people fled, choosing to observe and comment from a distance, rather than to participate in rebuilding. Where there had been a great influx of new people, within a short time there occurred a great outflux of what might have been, under favorable conditions, our own people.

And this became a surprisingly permanent atmosphere. With so short a time in our past, the disaster of that present came to appear as our past and as our future as well. This psychology of depression remained very real. There was little confidence in the region, and therefore too little pride. Young people were encouraged by parents and other elders to look elsewhere—outside South Dakota—for opportunity. There was so little confidence in the future, such enormous mistrust of the environment, that there was little disposition to strive for any kind of development that was not tied to some kind of financing or guarantee provided by the Federal government. No real risk. It may be unkind, but I think it is valid to say that having the state stay out if debt seemed to become the end or objective itself of government rather than a means to more significant purposes.

This psychology of depression was sufficient to slow development appreciably. We are a young area but have not acted like it. If one looks, he can readily find evidence of lack of confidence in the future.

Where, then, are the advantages in all this for the present?

The time for negative outlook is past. The specter of total depression is no longer immediate. The circumstances which occasioned the negative outlook in the past no longer warrant it.

I do not imply that we are now going to realize unlimited resources or even greatly increased resources. I perceive, rather, that we are beginning to experience a time when we can more completely, more freely utilize the resources we have. We are experiencing a return of confidence. We can reasonably contemplate results, taking our financial resources and multiplying them with imagination, with optimism, with confidence, with courage.

In all this we have one unbeatable advantage, an indispensable commodity, our people. They still have, year after year, all the worth and strength of the ones who had the courage to settle this prairie.

Dr. Stavig, referred to the quality of these people. South Dakota produces incredible talent.

But too typically the persons having this talent leave the state. They are raised with the attitude of leaving. It borders on a syndrome of expectation to depart, and therefore departure. Frequently, no other real alternative is considered.

A number of people have addressed themselves to this problem. There is much commendable effort to attract new industry in order to employ and thus keep our young people. Much of the industry that is attracted, though, it seems to me, is the kind that calls for intensity of labor. It will frequently, for example, provide jobs and supplemental income for the women of the families who are already committed to remaining here. There is little attraction for the graduates of our university. Certainly such additions to the basic economy help; but alone this kind of addition will change very little.

Something more fundamental, needed more fundamentally, is a desire among our people to remain. We need among our young the assumption of remaining where one's roots are. Such a desire is a natural thing to a human being. It will be found where there is a pride, an identity, a voice, a sense of place. We need a conviction that here is where we belong.

Our author in residence, Fred Manfred, in his novels set in this region, expresses clear consciousness of qualities of our lives which grow out of where we are, our place in the world.

People normally want a sense of place, an identity. We seek the security of knowing that there are my people, that this is my land.

Given this condition, and only when this condition is given, an area, a community, can develop from within. It can build on its own uniqueness, on its own potential, by its own momentum.

But let us not confuse this proposition with another—that is, that we are good enough, which appears similar but which works toward exactly opposite ends: toward provincialism, isolationism, complacency, feigned superiority.

The role of the University in working toward the take-off point, where development from within happens, is clear. The University is not a place for propagandizing. But it is a place to expose people to the quality of their heritage. We celebrate our authors and our artists. We celebrate our humanities. We understand and we criticize our economy and our government. We study our society. We analyze our psychology, we analyze, we understand, and we utilize our environment.

Our students should be exposed to universal scholarship; our heritage is general as well as specific. But we should allow, and encourage, and facilitate their hearing their own voice.

The second condition which causes me to regard the present as a time of special opportunity in South Dakota is the unique quality of our environment. Ironically, to some extent, this favorable situation results in part from our failure to establish an advanced, industrial, environment polluting economy.

Through neither fault nor credit to us, we find ourselves controlling one of the few regions where the inhabitants retain the prerogative of determining the quality of life to be allowed future generations.

The Upper Missouri River Basin remains one of the last relatively unpolluted major watersheds in the United States.

The Lakes of the Missouri are clean and fresh—a person can still swim and fish there. Our air, unless you happen to be downwind from one of the relatively few polluters there are, remains clean. The countryside and the towns are uncrowded. We are not forced by sheer crowding to become edgy. In short, we inhabit a highly habitable area.

Contrast that with a large portion of this country. This condition of some of our great cities is such that some consider them ungovernable. It is not true that they cannot be governed. Possibly it is true that popular democracy will not work under such conditions. Many people consider a number of these same cities uninhabitable. Note the striking determination to live away from them, as far as the suburbs at least, even though economics dictate that a person earn his living there.

The conditions of over-crowding in some of these centers exceed the endurance point for natural human behavior. The creative revolts against being crowded too closely into too tightly restricted a living space. That there are implications for us in our spaciousness seems clear. Perhaps, as Dr. Stavig says, "A part of the solutions of the problems of the cities will be tied up with new and better uses of the broad prairies." Certainly the conditions we see developing in heavily populated areas demonstrate for us what we must avoid in our own development.

It would be easy to be smug about our relative condition. Somehow there is an inclination to credit ourselves as responsible for retaining this beauty, as deserving to possess one of the last remaining unruined areas.

. Let us not be smug. We possess it largely by default. We will not retain it forever by default. Indeed, there are indications that the only element lacking at present to transform our beautiful, varied, clean, uncrowded area into the kind of ruined, uniform, polluted, crowded place we see around us, is time. Quite possibly all we need to do is look at some of these ruined areas to see ourselves when given enough time to accomplish the ruin.

Look around. People writing to the Argus Leader say Sioux Falls smells. The "Action Line" column agrees and explains why—in part unregulated industrial activity. A good part of Vermillion spends the summer enveloped in green smoke. That air is as polluted as Chicago's air. Many of our prairie lakes are already polluted—inhabited by carp in place of the clear water fish there used to be. The water is no longer clear. Other lakes, so far relatively untouched, are beginning to change. Perhaps in not too long a time only the Missouri River lakes, which can be flushed, will be clean. Those who doubt this need only visit Big Stone Lake.

There are pressures to convert the beautiful, meandering Sioux into a straight ditch. There are pressures to channel the Missouri between Yankton and Sioux City, presumably to make it as scenic as the Missouri is now at Sioux City or Omaha or Kansas City.

We try to bend natural diversity toward uniformity. We show no remorse as natural growth disappears.

There is a good deal we can learn from the Indian people who preceded us here. They chose to utilize the environment for support. We extract much more comfortable support by changing the environment for utilization. But now we observe that a major body of water—Lake Erie—can be killed as a by-product of man's uncontrolled efforts to change his environment.

We need to learn to live in compatibility with the natural order. Mastery need not mean destruction or perversion of the natural order. We have too little respect for the natural order and for how we fit in, and too great a regard for the momentary advantage to be achieved through immediate and careless exploitation.

The wisdom and the leadership necessary to preserve our environment while appropriately developing it will have to come from the campuses in South Dakota. We are The University of South Dakota; and our role is apparent. A major task for higher education is the protection of the quality of life in this region while contributing to the development and diversification of the society and its economy.

FROM HERE: HIGHER EDUCATION

The second part of my response to the challenge presented by Dr. Stavig concerns all of higher education, which includes the University.

Higher education encompasses that which is important to people. I would note three matters of current particular importance to people. I am not certain which is cause and which is effect. All three may result from something else. Or they may be causes of each other. They are evidences, I believe, of the human spiritual longing and hunger, which is our concern.

First, a great many people seem generally to have lost their frame of reference. Whatever they employed to measure all other things by seems to have vanished. As someone remarked recently, the world seems on the verge of a nervous breakdown.

Second, and possibly as a result of the loss of a frame of reference, there exists an active process of redefinition of authority. Governors are challenged by the governed; military leaders are challenged by their subordinates; priests question bishops and bishops question the pope; the authority relationships among students, faculty, and administrators shift perceptibly.

Third, and again possibly the result of the first two, there is much greater emphasis on means relative to ends. When there is no dependable frame of reference—a definition of which values are superior—then the very existence of worthwhile ends becomes questionable. The means—the style, fashion, way—

are more tangible than the ends or purposes themselves, and the means assume the greater importance. They do exist, after all. Very possibly the ends do not. The means are immediate and therefore important. How one does something easily becomes more important than why.

These are unsettling phenomena. Their totality is an unusual degree of uncertainty, change, disruption in society. We look to higher education for balance and direction. One might expect the role of higher education to be to arrest this change, to reassert legitimate authority, to re-establish the basic frame of reference and the accustomed value structure, to try to contain society in the form to which we have been accustomed. Neither higher education nor anything else can permanently accomplish this.

A more promising role for higher education is to help adjust with the change. We can help establish a more adequate frame of reference around which can be developed more acceptable definitions of authority. There is prospect for success here since the very being of society presumes existence of workable authority relationships.

Trying to restore an outmoded system is useless. There is potential for success in trying to shape or influence a system which is just now taking form. Such a role is therefore realistic. And it is the role which is appropriate for us.

A promising and appropriate role it may be. It is not comfortable. It requires of higher education the desire to search and grope; the willingness to relinquish security; the ability to prepare individual persons to exercise authority responsibly under conditions with which we are not familiar.

CONCLUSION

Dr. Stavig, thank you. On behalf of The University of South Dakota, I accept your challenge.

And in so doing, I ask all of you—Governor Farrar; Legislators; Regents; Commissioner of Higher Education; other Presidents; faculty, administrators, and students of the University; and the people of South Dakota who support us—to join with me in proceeding from here.

Senator HUMPHREY. Our final witness, and I say that with a bit of sadness because it has been a very pleasant experience to be here today, but we do have responsibilities that we have to return to Washington for, and our final witness is Mr. Webster Two-Hawk, who has patiently awaited this hour and we are just about a little over an hour behind time. He is of the United Sioux Tribes and he will talk to us about community development potential and problems as they relate to the Indian population within South Dakota and what, if anything, might be done by the Federal and State Governments to strengthen these efforts. We are very grateful for his presence.

May I say to you, Mr. Two-Hawk, that any statement that you have written will be placed in the full text in the record and you are at liberty now to say what you wish orally and just talk to us.

We thank you very much.

STATEMENT OF WEBSTER TWO-HAWK, UNITED SIOUX TRIBES OF SOUTH DAKOTA, ROSEBUD, S. DAK.

Mr. TWO-HAWK. To the distinguished Senators here and the Congressmen, I would like to say thank you for the privilege of appearing here at your subcommittee hearing. I think it is a great idea to come to the people as one previous remark was made, and we do appreciate that.

Perhaps I should say I do not mind being last because as the Good Book says, the last shall be first. So perhaps——

Senator Humphrey. At least you will be remembered.

Mr. Two-Hawk. I represent the United Sioux Tribes of South Dakota, the nine reservations.

The remarks that I have to make will be general remarks and I would like to be very brief if I may, and I would like to then offer a fact sheet that I have for your information and which I hope will present to you a picture of what reservation areas are like.

First of all, I cannot help but say this, that I hope—I would second and agree with all the testimonies that have been made heretofore. I say this with one selfish idea in mind that, if our farmers and ranchers are able to get a better chance, and since we are dependent upon our neighbors, that perhaps with their better livelihood, maybe we will get better income off of our Indian lands on the reservations, so indirectly I am sure that this will benefit our Indian people.

The 5 million acres that the tribes have are, I would say—maybe 60, 65 percent of them are utilized by non-Indian people. So whatever affects the farmers and ranchers of our fair State here does affect the Indian people indirectly, perhaps, at least.

So I should like to state that and I would certainly agree with all that has been said before.

Now, turning to the area of the Indian reservation, the Indian people have always held in high and great esteem what nature has provided to us, that is, land, water, and of course, the sun. I do not think there is much we can do about the sun, but there is—certainly we can do a lot about land and about water, and with all of the rural developments, the Farm Home Administration programs, and agricultural programs, I must say that the Indian lands are generally untouched by any development, and I would like to say to you that land without water is certainly not worth very much, and in the western area of the State we have the opportunity and the possibility, the potential of utilizing the rivers, for instance, the Little White River in the area, developing of that basin, utilizing the water that can be drilled and the possibilities of irrigation on the Pine Ridge, the Rosebud, the Cheyenne River, are great, and I should like to hope that along with the development of eastern South Dakota that we will then also follow it up with the development of the water resources which will then improve our lands and following up with that, improvement of the income off our lands.

We have been pretty much on the periphery of most of the farm programs but in the future I should like to hope that our people will be actively involved with the FHA program and the United Sioux Tribes are promoting such an involvement with whatever is already available, and so I certainly would second the request that these programs be adequately funded, because then it will take care of all the population that we have here.

Basically on the reservation, unemployment is something that plagues us. Jobs—lack of jobs. And I do sympathize with our neighbors as to the loss of population, and I can understand what they are saying, but on the reservation we have just the opposite. We have an ever-increasing population.

Todd County, for instance, on the Rosebud, increased 45 percent, 45.7 percent, in the last 10 years. And so we do have a mounting unemployment rate because our people no longer will move off the reservation. They feel this is their home and they have a right to stay where they want and live where they like.

And so I would say the highest priority on our list is that of not only creation but the utilization of land, what we already have, so that we can employ more and more of our people; the inducement of other States that may want to look to the reservation area to establish or to relocate.

However, there is a simple thing called credit and money which the reservations lack. We are land-poor. So somehow through the utilization of SBA, the Small Business Administration, and through the help of Congress, we hope that there will be seed money that will be available in the business area so we can better use the land, the manpower, that we have available in our reservation area.

Now, I think, gentlemen, if we do this, then all the other necessary ingredients of the economy will be added in if we can provide more jobs.

At the present time we have an unemployment rate of 65 percent, and underemployment rate of 85 percent. And I would like to compare this with any other part of the country. And this is where the real need is. We are actively trying to look to industries. The United Sioux Tribes and each individual constituent tribe is out looking, and of course, we are competing with every community in the State and in the whole country.

So it is a hard job trying to bring in industry, and yet we have been somewhat successful in locating, like on the Rosebud we have an electronic plant, something that our people can do quite well. We have laminating plants. We are in the process of bringing in a woodworking plant. So we feel that these will augment the income that our land produces, and in the future certainly with a diversified type of small industry like these, it will help solve, it will help take the lead that is presently being borne by the Bureau of Indian Affairs.

The attitude of the Sioux area right now is we would like to help ourselves, but credit is something that stands in our way. Money is hard to find on the reservations. We find that even the money that a few of us earn does not stay on the reservation. It leaves the reservation immediately as soon as it comes into our hands, and so we need the service type of industry as well so we can generate and we can turn that dollar around maybe at least two or three times on the reservations. It will do more people more good that way.

And so I would like to make my comments brief, that the plight of the reservation—I am sure that the gentlemen who have been on before me do recognize—our neighbors—do recognize this, and we do recognize their efforts, too, and so we like to promote and help them and in a way we would like to have them understand us, too.

And so at this time we look now to Congress to the changing of the Bureau of Indian Affairs, the changing of the policy so we can deal with less red tape, so we can do directly without much time and efforts as it has been done before in the past. And so we would be coming to you I am sure knocking on your doors in the future and especially at this time we in the Indian areas, not only the Sioux areas, are trying to cooperate and communicate and coordinate our efforts.

So I think you will see perhaps a unified front where we will be speaking on the same issues that affect us generally throughout the country.

And so again, as a summary, I would like to say we want to keep our lands. We do not want to alienate them any more as we have done in the past. We cannot afford to. But we can also by the same token—we need to improve our land because of the ever-increasing population explosion that we are experiencing on the reservation.

So with them, along with a line of credit, along with seed money for industries, small industries, I think that you will find us very useful citizens of our fair State of South Dakota and of our country. And we do want to be that. And I think that we have the expertise now today in the reservation areas that we in turn, like you are doing, we can share with the Bureau of Indian Affairs, the Department of Agriculture, the Interior Department, our feelings because I think that we can solve our own problems.

We can help ourselves with the proper motivation, with the proper credit available. So this morning I would like to make my comments very very brief and I would like to submit this fact sheet which I hope can be read by the Secretary to be entered into your record.

And so I do thank you again for this great opportunity to be with you this morning, and we will be in touch with you as you are today.

Thank you very much.

Senator HUMPHREY. Thank you very much, Mr. Two-Hawk.

Mr. TWO-HAWK. Any questions?

Senator HUMPHREY. Let me just ask you, first, what is your address so that we may have it?

Mr. TWO-HAWK. Rosebud, S. Dak.

Senator HUMPHREY. Has EDA with its grant-loan program been of any help?

Mr. TWO-HAWK. EDA has been of some help to us, certainly, but again I would like to be honest and say the red tape is there and I think again the people in our regional offices as well as in the Washington offices need to understand our situation better. Perhaps maybe they can listen a little more attentively.

Senator HUMPHREY. We are grateful to you. I was in the Navajo area, Navajo lands, some years ago out at Window Rock, and I think it should be made a matter of this record that manpower training programs for the Indian people, have the finest record and performance on the part of the trainees. The Indian worker that takes the training seems to be absorbed more rapidly than almost anyone and the rate of induction in these plants—they were electronic plants and small machine tool plants—was outstanding.

Raymond Naki was a tribal chief and I spent a couple of days with him in his home and I was terribly impressed, very much impressed, with the work that I saw underway. The new industrial plants that were being placed there—some of them by some of the aeronautics and electronic industries from the west coast—I just wanted to make it for the record that the rate of learning and application is the best of any group in the entire population structure.

Mr. TWO-HAWK. Yes, sir. I am aware of the Navajo area and I do believe that the manpower funds are being utilized very effectively in our own area also. And we do appreciate that.

Senator HUMPHREY. Gentlemen?

Senator MILLER. I want to thank you for this testimony.

Senator ALLEN. I would like to say I am most impressed by the testimony and I want to commend you on your fine public spirited attitude and your fine attitude. We are just proud that you and your people are citizens of this great country.

Mr. TWO-HAWK. Thank you.

Senator HUMPHREY. May I just say at this point in our hearings, since we are concluding—first an expression of appreciation, of thanks to the University of South Dakota, its President and its administrative staff and faculty and student body for this fine reception and the use of these splendid facilities. As a former South Dakotan, I am very proud of this University. I visited this campus—I hate to say how long it was—40 years ago, and the changes are fantastic. This is a fine midwestern university that offers great promise for this part of our country as do other universities within this area.

This subcommittee will continue its work. This is our first field hearing. We are new at it in a sense. We are looking for answers. We receive positive, practical information as we go along. We get it in Washington as well, but it seems to me that it was important that people understood that we do care, that we care enough to come out and see the people, listen to them, talk with them, and much of what we learn is not here at this table but just in our personal visits. We have early morning breakfasts and tend to have late dinners and hopefully get some lunch and generally we try to find people with whom we can talk and listen and to learn.

I believe that the Nation, our country, is at a crisis stage but I certainly do not believe it is without hope. I am reminded of Dickens' "Tale of Two Cities."

"There are the best of times and these are the worst of times," and we sense both, great hope and great promise in this country, and great problems and great despair, and our task is to change those problems and despair into opportunities and challenge.

I think we can. That is what we are trying to do. And we are going to try to make this Government our ours responsive to the challenges that have been placed before us here.

It is not easy. As Senator Miller pointed out so well, and Senator Allen, we are dealing with 535 individuals in the Congress of the United States, with different cultural backgrounds and from different regions. We are dealing with a country that is varied and diverse. And I think the lesson that we have learned is that there is not any one plan. We must have a diversity of programs just like we have a diversity of people, and hopefully we will come out of these hearings as just one of the segments of the Congress. There are other Senators and Congressmen that are doing every bit as much and maybe more and we will try to piece it together, but we are really serious about rural development and I really believe that this is the first time that the Congress has knuckled down to the task of trying to put together a comprehensive overall total approach to our problems of rural America, the great mid-America, the great hinterland of this country—without diminishing what we are trying to do for urban America. We must never let these hearings become a focal point of trying to downgrade our cities. America is a Nation of cities and it will continue to be. What we need to do is make those cities better and to improve the countryside at the same time. And it is in that spirit that we come to you and it is in that spirit that we leave you and we thank you very much for your attention. We thank you for your courtesy, this typical midwestern hospitality, and I particularly want to thank the students that have come here to share with us their time.

I only wish we had the balance of today and tomorrow that we could be here with them.

Thank you very much. [Applause.]

(Whereupon, at 1 p.m. the hearing was concluded to reconvene at the call of the Chair.)

RURAL DEVELOPMENT

THURSDAY, JULY 8, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Montgomery, Ala.

The committee met, pursuant to recess, at 2:10 p.m., in the House chamber, State Capitol, Montgomery, Ala., Hon. Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey (presiding), Talmadge (chairman of the full committee), Allen, and Curtis.

STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator HUMPHREY. Ladies and gentlemen, I am privileged to serve as the chairman of the Subcommittee on Rural Development by appointment of Chairman of the Committee on Agriculture and Forestry Senator Talmadge. Members of that subcommittee are present with us today. Your distinguished senior Senator, Senator Allen, who was kind enough to extend the invitation for us to come to Alabama, an industrious and dedicated Senator to the people of this State and Nation; Senator Carl Curtis, who is the ranking Republican member, a man dedicated to the well-being of agriculture and our rural development; and as I said, the chairman of the Senate Committee on Agriculture and Forestry, who really has been the inspiration and the driving force for our program designed to bring about rural development.

I have a statement but I am not going to read it. I want to say to the members of the media, the press, we will save time by not reading their particular statement. But what I would like to do is first of all express to the Governor, to Mrs. Wallace, our very sincere thanks for your hospitality, for the gracious manner in which you have received us, to express to your speaker, Speaker Lyons, our thanks for his cooperation in seeing to it that we could have these splendid facilities in your capitol, and to the members of the house that cooperated with the speaker to get this adjournment so that we could take over here and to use these historic facilities in this very historic city.

I was just informed, by the way, that a piece of legislation that means a great deal to me, and I think to many families that have problems, known as special education legislation, passed your two houses. This is for the special child, the exceptional, the gifted, the retarded, and I want to compliment you.

We have had in Decatur, Ala., this morning, in the very area of Huntsville—and I think I can speak for every member of this committee when I say we had an exciting and very rewarding experience. The northern counties of this beautiful State in the TVA area, the Tennessee Valley area, are making tremendous progress as I am sure other areas of your State are likewise making progress. We thank you for teaching us, for advising us.

We are here today to hear from you. I wanted to express, however, in behalf of the Senate committee, our deep and sincere thanks for your courtesy, your hospitality, and above all for your willingness to share your thoughts with us today.

Ever since our new Rural Development Subcommittee started to work early this year, we have been concerned about national growth.

The problems facing our Nation are many and difficult. People have left the countryside, pouring into the major metropolitan areas, so the rural community has become poor and the big city has become overburdened, struggling to provide adequate services while trying to keep taxes at reasonable levels.

Our people have located in increasing numbers along the Atlantic and Pacific coast areas and the gulf and the Great Lakes. What is needed is a balanced growth between the urban and rural areas of our country.

Both Alabama and Georgia have shown that industry can be dispersed throughout the country—that it doesn't need to locate only around the big population centers.

The South has proved that hometown initiative with a reasonable amount of Government action can turn things around, making renewed areas out of depressed areas.

Our trip this morning to Decatur was a visit to one of these success stories. During the 1930's, the 15 counties in the Tennessee River Valley were on a depressed, one-crop economy. There was chronic malaria. These factors combined with a national depression didn't leave much room for hope.

Then the TVA came. But it didn't come offering to solve all of the problems of the people of northern Alabama, but rather offering people a chance to help themselves.

The men of TVA didn't offer an industrial boom, but instead they began with a plan to conquer the malaria and to diversify the economy of the 15 counties and they began by emphasizing the economic well-being of agriculture.

But the local people had to do the work, and this is what it is going to take. The 15 counties of the Tennessee River Valley plan together for their mutual development, because they know that together they can accomplish what they cannot do separately. They know that what's good for one county is good for all of them.

The people of the Tennessee River Valley have put it all together. The industry came. Growth and progress came, and it was all done with a combination of government assistance incentives that were offered, but not imposed on local people. But again, the real work was done by folks at the grassroots with vision; people unwilling to accept the status quo; people who cared enough about their hometowns and counties to make certain that they would grow and prosper.

Now what we need are more success stories like the one in Decatur-Huntsville. We hope sincerely that the consolidated farm and rural development bill our committee introduced yesterday will go a long way toward making more success stories.

It will provide loan money for the enormous capital needs of rural communities, and it will give American industry incentives to develop in areas of our country with fewer than 35,000 people.

You will be hearing more about this legislation as it makes its way through the Congress. Your own Senator Jim Allen is one of the cosponsors. I hope the people of Alabama will join in encouraging its adoption. I believe it is the cornerstone for a balanced national growth policy for our Nation. It will not only encourage people to remain in small-town America, but permit many who have had to leave an opportunity to return to where their families and friends are.

It is legislation which I believe persons of any political persuasion can support, because it is for the benefit of the entire Nation.

This is the second field hearing held by this subcommittee. Our first was in early May in Sioux City, Iowa and Vermillion, S. Dak. We were privileged to hear from the Governors of both of those States during the course of our hearings, and we are pleased that today we can have the benefit of the experience of Governor George C. Wallace of Alabama. On behalf of the subcommittee, I would like to thank Governor Wallace of Alabama for his hospitality and for his interest and participation in our work.

With that, let us begin our formal hearings. Do any of our other Senators have comments they wish to make?

Senator HUMPHREY. Now, may I present my friend, Senator Allen, that he may have something to say to his home State folks. I know that he wants to say something. [Applause.]

STATEMENT OF HON. JAMES B. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator ALLEN. Thank you, Mr. Chairman. I do appreciate so very much this opportunity we have on the Rural Development Subcommittee to come to Alabama, to allow me, Mr. Chairman, to literally come home, because right here in this chamber is where I first entered public service as a member of the house of representatives from Etowah County.

I believe that this is the very first time that a committee from the U.S. Senate has met in Alabama, an historic State capitol, and I believe that this is truly a step forward bringing government closer to the people. This is truly an historic chamber, Mr. Chairman and my colleagues on the committee.

Actually, this chamber has been serving in the legislative branch of our government longer than the House of Representatives Chamber in the Nation's Capitol or the Senate Chamber because this chamber was occupied around 1846 as the chamber of the House of Representatives of the Alabama Legislature, and it was not until 1859 that we occupied our present quarters in the Senate Chamber in Washington.

So, some 12½ decades of history look down on us at this time. And this committee doesn't come to Alabama to harass our people. It doesn't come to investigate any of our citizens. And it doesn't seek to force compliance with any bureaucratic decrees or edicts, and it doesn't seek to discriminate against any of our people. It simply is seeking to help provide a better lot for all of our people, Mr. Chairman, and it is in that context and in that light that we welcome this committee to this historic chamber.

Mr. Chairman, I believe that you have already presented the other members of the subcommittee, but we are so honored to have Senator Herman Talmadge, chairman of the Senate Committee on Agriculture, which is the mother committee of the Subcommittee on Rural Development, and as I said in Decatur, we in Alabama regard Senator Talmadge as a third Alabama Senator because he thinks like we do in Albama and he is always working for the economic development of our section of the country. So we are proud to have him in our State and honored at this occasion.

We are certainly happy to have Senator Carl Curtis, of Nebraska, also a member of the Agriculture Committee and of this subcommittee, certainly one of the outstanding Members of the U.S. Senate. We are so happy, Mr. Chairman, to have you come to Alabama to visit our people in this capacity, because I have noted with great pleasure and interest the dedication that you have given to the task of the work of this subcommittee, the rural development, seeing as you do that if we can solve some of the problems of rural America that we can solve some of the problems of the entire Nation.

We feel that we in Alabama need a better balance between agriculture and industry. We need more job opportunities, and that need is certainly prevalent throughout the entire Nation. And we believe, Mr. Chairman and my colleagues, that the people of Alabama cannot only outline or pinpoint or point out to the subcommittee some of the problem areas, we believe that our people and our leaders, some of whom you have heard in Decatur and others that you will hear at this time and others who will put their testimony in the record, that we have some of the solutions.

I know the subcommittee is going to enjoy hearing from the Alabama witness who will testify and I appreciate this opportunity of talking to my homefolks on this occasion.

Thank you very much. [Applause.]

Governor WALLACE. Thank you.

Senator ALLEN. Thank you. [Applause.]

Senator HUMPHREY. Thank you, Governor. [Applause.]

Now I would like to have Senator Talmadge make a comment if he would like to.

Senator TALMADGE. Mr. Chairman, Governor Wallace, ladies and gentlemen, I think Senator Humphrey and Senator Allen have stated the views of all members of this committee. I want to join with my colleagues in expressing our deep appreciation to Governor and Mrs. Wallace for their generous hospitality and lovely luncheon and the hospitality we have received from the great State of Alabama.

Thank you very much. [Applause.]

Senator HUMPHREY. Senator Curtis?

Senator CURTIS. Mr. Chairman, I shall not take time for a statement. I merely want to express my gratitude for the hospitality shown here by Governor Wallace and all you fine people and we are anxious to hear what you have to say to this committee. [Applause.]

Senator HUMPHREY. This is the second of our field hearings. We plan, for your information, to have approximately 10 in different parts of our country. Our first was in the early part of May in the State of Iowa and the State of South Dakota, at Sioux City and Vermilion.

At that time we were privileged to hear from a number of witnesses from the Midwest and among those witnesses were the Governors of the respective States, the Governor of Iowa and the Governor of South Dakota. Today we are pleased to have the benefit of the experience and of the insight of the Governor of the State of Alabama and we are grateful for his presence and for his willingness to come to us and share his information and knowledge about the problems of his State and his hopes and his vision for its future.

Governor, without any further ado—may I first say that we will include in the record those statements which were made this morning at Decatur so that the record of this hearing will be complete in the State of Alabama—and at this point we welcome you to this table, Governor. [Applause and standing ovation.]

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR, STATE OF ALABAMA, MONTGOMERY, ALA.

Governor WALLACE. Senator Humphrey, it is a pleasure to have you and the members of this committee here in our State. As you know, we are happy to have any of you here at any time and especially you who belong to the U.S. Senate and belong to this committee.

I might say in the beginning that I don't know whether you met President Nixon at the airport—he just left Alabama—and we are glad to have you in Alabama also and you know I have known you a long time and have had the pleasure of visiting your home in Waverly, Minn. We enjoyed the hospitality extended to all of us there by your fine family. We are happy to have you in this State; also Senator Curtis, of Nebraska, and Senator Talmadge, of Georgia, and we are very proud of our distinguished Senator, Senator Allen.

I was raised in a rural section of this State and back in the days immediately after the depression when all people in our region of the country were proud but poor. So when we talk about poverty these days, I have lived in it, experienced it, as many of this generation have not. I saw the rural area of my county at that time, 40,000 population, now reduced to 22,000 population even though its productivity remains high. The income is higher but the people have left to go to the urban centers of our country, either in Alabama or many to the eastern seaboard, the Los Angeles area, or the Great Lakes region where a great portion of the population happens to be confined at this time.

I would thank Senator Curtis who have been a longtime supporter of tax-free bonds for industry. In this State, we too try to balance off our agricultural and industry. This has been fine legislation as far as this State is concerned.

Now, my prepared remarks, and I will try to hurry as I recognize the time element involved while I give you the benefit of my wisdom on these matters [laughter and applause]—we have a great sense of humor here in this Alabama.

Senator HUMPHREY. Very similar to Minnesota.

Governor WALLACE. You have a great sense of humor yourself, Senator. We are glad to have you, but it was cold when I was in Minnesota in 1968 in Duluth.

Gentlemen, you have in your possession my detailed testimony outlining some of the problem areas facing rural America.

Basically, I have pointed to nine critical factors which I feel we must work to bring about, and I have suggested some methods with which to work. The nine areas are as follows: (1) more and better employment opportunities; (2) ample and adequate housing; (3) improved public facilities and services, sanitary water and sewage facilities; (4) police and fire protection; (5) streets; (6) utilities; (7) education and health-delivery assistance; (8) recreational and cultural facilities and services; and (9) relief for our textile industry from foreign imports which have forced the closing of 98 textile mills in the South and Northeast since January 1, 1969.

I do not mean to say that we want to embark upon any protectionist tariff war in this country that might be reciprocated in other parts of the world; basically we are for free trade but we do feel there are some places, industries, that the taxpayers of this country rehabilitated after World War II that are today costing the jobs of many thousands of Alabamans and others in the Southeast.

We understand, of course, this does apply to maybe that area of steel and of shoes, and so forth, and I say this in regard to rural America because we are in the heart of rural America. Most of the textile mills are located in what we call rural America. Those people who have been forced from the farms because of mechanized farming and because of the acreage controls of many of our farm programs, have gone into industrial activities and many are in the textile industry. They live in the rural areas and confines of Alabama, and so when we have a problem of this sort, it actually affects rural America and not just the people in the cities but it affects people in the rural areas of Alabama.

We need these programs which are mostly monetary but we are also looking for nonmonetary systems which restore the confidence of our people and benefit all concerned.

Of course, what I am going to outline to this committee comes from the heartland of rural America but applies to the length and breadth of our country.

I am confident that this committee is deeply concerned about problems facing the rural poor and has a genuine desire to really do something constructive and positive to help.

Many of the solutions offered before this committee are not new. Many of them have been used before and have served the people of America badly. The answer certainly cannot be to raise taxes and dump more unfree "free Washington funds" into various Federal programs whose predecessors are mostly total failures.

The thing that is killing rural folk financially is the same thing that is dragging the working man under in the city. The real culprit is our oppressive tax structure and the resulting burden on the middle class. Most Americans have no conception of just how much of the tax burden they are actually bearing. They only see the visible taxes they pay, but the biggest part of the tax iceberg is hidden from the view of the taxpayers. For example, a loaf of bread contains hundreds of hidden taxes paid by the store, the baker, the farmer, and everyone who has a hand in putting the loaf of bread on the grocer's shelf and on the consumer's table. Cut taxes and you cut the cost of bread to the consumer.

The average working man, Mr. Chairman, is led to believe that he is paying only about 20 percent of his income in taxes, but, as economist Sylvia Porter tells us, the typical worker is now in nearly a 50-percent tax bracket, and that goes for rural America, if all taxes are considered.

According to the National Tax Foundation, the typical American works from January 1 to May 19 each year—that goes for the rural American also—just to pay his taxes. Included in these average Americans are the rural residents with whom this committee is concerned.

However, there are many untypical Americans who don't pay 50 percent of their incomes in taxes, like the average workingman actually does. In fact, they pay hardly any taxes at all. These include people who set up gigantic foundations merely to provide a tax shelter for the wealthy few who spend so much of their time shedding crocodile tears over our less fortunate citizens as they exploit them for their own political advantage. These people of the superrich elite keep their own family funds safely hidden from the tax collector in their myriad of family foundations and trusts. If this committee—and I am sure it does want to help the poor, the workingman, and the rural poor, it will recommend that the exemptions now allowed to these foundations be eliminated and they be required to pay the taxes for all of the spending programs they advocate. If these people carried the same share of the taxload as the working class, we could then cut taxes on everyone and this would be of genuine help to rural people. I can foresee that this proposal probably will have a tough time because it really doesn't create any more bureaus. I feel that the foundations issue—and I am talking about the Fords and the Mellons and the Carnegies and the Rockefellers—is going to be a prime issue from now on in this country. The superelite rich are today financing subversive groups in this country, and that is documented without my having to point it out.

Every Senator here knows what I am talking about, I am sure. They—the foundations—get by scot free and today that is compressing the middle class, rural American almost to death economically.

Certainly many foundations provide real services of a charitable nature, but here we are talking about foundations whose major activities are really political and ideological rather than charitable or educational. These foundations have been a sacred cow in this country for far too long. Money hidden in them is used to promote an all-powerful Federal Government which these people would like to control financially. I also say, as I try to hurry along here for I know your time situation and we have many witnesses, that these foundations are financing the revolutionaries in the streets who want to destroy this country. I have that documented, and it has also been documented in the Congress. Why do they do this? I don't know why they do it necessarily, but the terror in the streets is used as an excuse sometimes to increase the size and scope of the Government and increase political power of the owners and directors of these tax-exempt foundations and their power-grasping colleagues.

Middle America is caught in a vise between the bomb-throwing radicals in the streets and the silk-stocking radicals with their foundations. It is a big con game which is victimizing all Americans and it is about time someone blew the whistle on it.

I might say briefly here that I intend to file a suit, and I hope the members of this committee might consider that it is in the interests of rural America that commercial property owned by the foundations and churches today be taxed. Rural people are having to pay the difference in what is lost in the tax-exempt status of commercial property for churches. My own church owns much property that is tax-exempt, making my taxes higher. This makes the taxes of rural America higher. When the Rockefellers get their tax status through the Congress as they got it back when the income tax was passed, rural American and middle, urban American began paying the difference, and I frankly think the Congress of the United States ought to help the rural poor, the rural American, and the urban poor to stop, in effect, subsidizing these foundations with their multibillions and multihundreds of million of dollars. I know some of the churches—and I am not talking about all the churches but rural America is paying part of this bill—in subsidized grants to Angela Davis, an avowed Communist. Churches with tax-exempt status do that, and should not be allowed a tax exemption.

I am not going to bother you at all with the documentation of these things but they are true, and we in rural America hope some day that the Congress is going to give us some relief.

I was going to talk about the income tax system. It is regressive.

We are going to file a suit in July of this year in the Supreme Court of the United States. We are going to ask them to declare unconstitutional the tax-exempt status of foundations, and commercial property owned by churches. We are not talking about hospitals and we are not talking about church buildings. We are not talking about schools. We are talking about commercial property. And that does tie in with my judgment in the matter of rural America and we are going to give the Supreme Court a chance to vote some of this liberality toward the working man in this country—rural and urban. We'll see if they want to bus some of the foundations' money into the Treasury of the country as much as they would like to bus school children in the country. [Laughter and applause.]

Rural Americans are freedom-loving people and they believe in the principles of Thomas Jefferson. I have that in my written testimony. I am not going to dwell on it because we know that rural America has provided its great sources of strength to the founding of this country all the way back to Thomas Jefferson and on down. They are a deeply religious people, as you know.

Now, I have recommendations, frankly, regarding programs pending in the Congress and I see where you gentlemen introduced yourselves a bill yesterday that in my judgment probably will carry out some of the requests that I make and other members of this committee make. I am not going to bore you by giving you all the details about our feelings regarding the Federal Home Administration and so forth; because they are there and I have them filed for the record.

In the interest of saving time, I am going to file it with you and let you gentlemen read it if you have time instead of rehashing all the testimony that is in my file.

I do have a brief synopsis here but I am going to pass over some of it. I might say that had we arrived here on time I would go through it; but I understand the time.

I know you will probably say, well, you, Wallace, had to get into this, but public education is of interest to rural America and we believe in quality education of our children. But, in rural Alabama today we have 1,700,000 of our people actually classified as rural, living in the rural towns and small communities. We find today that we have chatoic conditions in the rural schools of America. They are bussing little children 50 miles a day to school; closing rural schools and transporting children back and forth.

I know this committee might say that we should be talking about income for farmers and that is of interest and I have measures that I have recommended in that regard, but I would say that the financial burden placed on us by HEW and the Federal courts have caused us to close $53 million worth of school facilities. We spend $400,000 per year to transport students and we have got to have an additional $19 million to provide additional facilities to relieve overcrowded conditions which have been created by HEW and the courts.

Our schools actually have become, in many places, like the schools in other parts of our country where they can hardly operate. We find today that rural children are transported backward and forward to kingdom come, and frankly we would like for you to carry this message back to Washington; we accept many of these things because we have to accept them. We are law abiding and we want to do what the law calls for, but on the other hand we like to work toward trying to get some moderation and restraint from those who impose these conditions upon rural America.

We also feel that is necessary for rural America to provide sewage and water systems that will induce industry. If we are to solve the problems created by a high concentration of population of in the big cities. Our legislature in 1947 started out in providing a trade school program by which we could train people in the rural areas to remain home and work industrially. We expanded that program in 1963 to where we now have a system that we talked about many years ago. We know that if anybody moves to the cities, we are going to have economic and social problems, and we have them today. I have advocated, and I think you, Mr. Chairman, advocated in 1968 that we induce industry by incentives, taxwise, to bring their branch plants to the broad expanses of Alabama in America. If everybody continues to stack on top of one another in the East, Great Lakes, and Farwest regions, we are going to have social and economic problems compounded. I hope that the Congress will do what is necessary in the matter of offering incentives to an industry to build its branch plants in the broad expanses of Nebraska and Minnesota and Ohio and Alabama because we must sustain and stop the loss of population in the rural areas. Whether people remain on the farms or not will depend on our ability to induce them to remain on the farms. We cannot tolerate a system like this in our country which will burden us down in some instances if we don't, without proper planning, stop the growth of large cities at an abnormal rate.

We advocated that some of the poverty program money that is being used could be best used to build a system of technical schools working in conjunction with management and labor toward training rural Alabamans and rural poor to take their places in industry.

I might say, Mr. Chairman, that I really did hurry because I am conscious of the time and I don't usually talk this fast.

There are other folks out here that want to give you testimony and I want to tell you and the group assembled here that I have filed with the committee some definite recommendations about Farmers Home Administration, about aid to the rural areas and sewage and water systems and otherwise as far as farm programs are concerned.

I want to—let's see if there is anything else good I can say here. Just a minute [laughter and applause].

There is one other thing rural America and rural Alabama has a great number of elderly people and, the blind and aid to handicapped is not confined to the urban centers of our country. Recently the Congress gave a Social Security increase and as a result of certain Federal regulations that increase had to be taken into account by our State departments of pension and securities when we put the increase into effect.

I believe Senator Howard Cannon from Nevada has introduced a bill in the Congress that provides that recipients of old age and aid to the blind, et cetera, are not to be penalized because of any future increases in Social Security. That is Senate bill 1807. I hope you in the Senate will see fit to pass it because many hardships have been brought to these people through recent action. That is another recommendation I hope you carry back. The legislature of this State will back me 100 percent on that.

Anyway, thank you for listening to me and I know you want to get on with the other witnesses unless you have some question you think I can't answer. [Laughter.]

And I probably can't. [Applause.]

That is my minority support in the legislature. [Laughter.]

But anyway, Senator, I do want to say that we folks in Alabama are concerned about taxation, concerned about loss of population in the rural areas, concerned about our schools and it affects rural people of Alabama, Georgia, and throughout the country.

Senator, thank you for being here. It is a pleasure to have you in Alabama. We hope you will come back to see us.

(The remainder of Governor Wallace's summary statement is as follows:)

SUMMARY STATEMENT OF GOVERNOR WALLACE

Some of the churches of this country are involved in financing the activities of avowed revolutionaries. Just as the tax free foundation gimmick should be taken away from the silk stocking socialists, so should churches have to pay taxes on the businesses and properties (other than church building, hospitals and schools), which they own. Make no mistake here—we positively do not advocate taxing the church buildings in which people meet to worship, but it is only right that a church which owns a supermarket should have to pay the same taxes as any other store owner. This, too, would relieve the tax burden on the rural poor. It would also reduce the funds available to the ultra-liberals who have gained control of the hierarchy of some of our churches. There is no reason that rural taxpayers should have to subsidize grants from churches for the defense of avowed black panther and communist, Angela Davis. (Certainly the Aclu will provide her with all the legal services she could possibly need or is entitled.)

I speak not only for rural America, but I speak also for that long line of men, women, and children, who, in darkness and despair, have borne the labors of the human race who stand today with arms out-stretched in mute appeal to this committee to leave no stone unturned in seeking a major overhaul of the federal income tax law which has been referred to as "the most regressive tax system ever devised," by recommending to Congress that the tax free status of foundations who use their money to promote political causes and provoke revolution in the streets be completely stripped of their tax exemptions.

In addition, the business investments of churches should be subjected to the same taxes as are piled on the small businessman.

Now, rural America has played a great part in the growth of this nation from a small and weak confederation of states to the greatest and most powerful nation on earth.

Rural Americans are freedom loving people. They strongly believe in the principles expressed by Thomas Jefferson when he said. "The government that governs best is that government which governs least." The people of rural America are an industrious and self-reliant people who believe that the government in Washington is their servant and not their master. The fundamental principles of freedom on which our nation was founded were nurtured in the soil of rural America. The fundamental principles of our government, which were developed by these people and expressed in the United States Constitution, gave the world a government of law, rather than men, that has been long admired and respected by the people of the world. Men of rural America, such as Thomas Jefferson, Henry Clay, John C. Calhoun, Oscar W. Underwood, John Hollis Bankhead, and Richard Russell, worked long and tirelessly to give our people a government which would protect, rather than destroy, the rights of the individual which are cherished so dearly by all Americans.

Sons and daughters of rural America have fought our Nation's enemies in every battle from Lexington in 1775 to those battles now being fought in Vietnam. Countless thousands of these men gave their very lives so that you and I might continue to live in a free America.

The people of rural America are deeply religious people. They pray to God and ask His divine guidance in their daily activities. They teach their children to pray to God as their parents taught them to do.

Rural Americans are an industrious people. They realize the value and importance of hard work. They learned long ago that you can't get something for nothing.

The people of rural America are an honest and moral people. They cherish and value friendships with their neighbors and fellowman. They highly value their family life. Crime rates are much lower in rural America than in the rest of the country. Dope peddlers and pornography pushers don't find much of a market for their dirty wares among those people.

Law and order is appreciated and valued by the people of rural America. These people know full well that a government without law and order would not long continue to be a government. Rural people treat policemen, firemen, and other law enforcement officers with the respect that they are due as servants of a government of law. You won't find many people in rural Alabama who will spit on a policeman or call him a "pig."

Public education is important in rural America. The people of this region strongly believe in quality education for their children. These people have worked hard, often in the face of overwhelming obstacles and adversity, to build a system of public education second to none. These people believe that the schools they have built with their hard earned dollars are for educating children rather than conducting sociological experiments.

The people of our region are deeply concerned with the chaotic conditions which exist today in our public schools. Many other Americans, in other parts of our country are experiencing similar problems in their schools. Many schools in this and other regions of our nation have been turned into lawless jungles where the first concern of the teachers is in maintaining a semblance of order rather than educating children.

Many millions of dollars worth of badly needed school facilities stand idle and empty today in our region as a result of bureaucratic meddling by the courts and HEW in the operation of our schools. Hundreds of thousands of hard earned dollars are being spent every year to operate a school transportation system which rivals that of many commercial transportation companies.

The ultimate dream of the bureaucrats appears to be a massive school transportation system which would carry pupils from California to Maine and from Florida to Minnesota.

The financial burden which has been placed on state and local governments by the courts and HEW has been tremendous. We in Alabama have been forced to close more than $53 million worth of school facilities as a result of these unreasonable court orders. We will spend an additional $400,000 per year to transport students from school to school. We estimate that an additional $19 million will be needed to provide additional facilities to relieve overcrowded conditions which have been created by HEW bureaucrats.

Many schools in this region appear more like penal institutions than educational institutions. These schools are so overcrowded that you cannot possibly maintain order in them. Students threaten and assault other students and teachers alike. Lawless students have destroyed and damaged property worth tens of thousands of dollars in these schools.

The constant pressures, intimidation, and bureaucratic meddling in school affairs appear to me to be aimed primarily at the people of this region. It is the same discrimination against a proud people which produced the "Pittsburgh Plus" contracts of a few years ago.

Gentlemen, you may carry a message back to Washington from the people of this State and region. You may tell the "Washington crowd" that the people of this region are sick and tired of their Nation being destroyed by a Judicial tyranny unprecedented in the annals of American history. You may tell them that we are tired of court decisions which allow smut peddlers and pornography pushers to corrupt and destroy the morals and minds of our young people. You may tell them, gentlemen, of our concern for law and order. You may tell them of our love for our great Nation.

If this committee will report these truths, you will have made a lasting and enduring contribution to the birth of a new America and you will have given the low, the weak, and the downtrodden people of this Nation, at least, a small glimmer of hope for a brighter life.

Senator HUMPHREY. Before you go, Governor, we do want to thank you.

Governor, I know that you have as you have indicated, a prepared piece of testimony here that you did not read, but you made some reference to, which relates to a number of programs going on in the State of Alabama.

Governor WALLACE. Yes.

Senator HUMPHREY. And may I say with considerable candor that the testimony that you did not read is very impressive and the testimony that you gave was engaging. [Laughter and applause.]

Just one question I want to ask of you.

We have what we call rural revenue sharing and we have been trying to elicit from our witnesses, Governor, some thoughts and views on the recommendation for what we call special revenue sharing, in this instance the rural revenue-sharing proposal of the President.

Would you give us any observations that you might want to on that?

Governor WALLACE. Well, Senator, as I stated in my prepared statement filed with the committee, I am in agreement with the broad concept of revenue sharing but I am not necessarily inclined to go on record in behalf of all the present bill. I am not sure exactly, really, how it affects some of our cities. I am not sure exactly what the legislation contains as far as rural America is concerned, but my recommendations here involves rural America. Revenue sharing in the sense that it would aid in the sewage and water systems and sewage disposal and things like that that small rural communities must have in order to induce industry.

There is not much need to talk about increased agricultural employment because of mechanization in some places, although that is not out of the realm of possibility. I think as the population grows in this country and the great demands for food and fiber continue to grow, maybe a few years from now there will be actually more employment on the farms of our country. But I am not in a position to recommend the revenue-sharing proposals of the President, but would say generally I am for its concept.

Senator Humphrey. We have two types of revenue sharing, Governor. One is the general revenue sharing ——

Governor Wallace. Yes.

Senator Humphrey (continuing). Which is, as you know, the one that is being discussed so much in the House Ways and Means Committee and this other one is the rural revenue-sharing proposal and I think as you have noted on page 12 of your testimony to us:

> Thus the apparent intention to enlarge rural development funding would be sabotaged, not aided. Furthermore, there is not enough "new money" in the rural revenue sharing proposal to be significant.

This is speaking now that particular task force report on rural revenue sharing?

Governor Wallace. Yes, that is correct, and my experience in the rural development field gave that to me. Mr. Bamberg, are you here?

Mr. C. R. Bamberg (director, Alabama Development Office). Yes.

Governor Wallace. We stand by that, don't we?

Mr. Bamberg. Yes, sir. [Laughter.]

Senator Humphrey. I don't want to take any more of your time right now.

Governor Wallace. Thank you.

Senator Humphrey. But I do say we have had quite a time here.

Governor Wallace. It is good to see you back here and we may see each other in 1972. [Applause and laughter.]

Senator Curtis. I have a question or two.

Senator Humphrey. Of course, Governor, you meant that would be strictly a social occasion? [Laughter.]

Go ahead, Senator Curtis.

Senator Curtis. Governor, and I will be brief, in reference to the tax-free industrial development bonds, you feel that they have brought job opportunities to rural America?

Governor Wallace. Yes, Senator, they have, and in fact, I think some of the industrial development bonds could not have been sold had they not had the tax-free provisions. I understand that the Congress has cut it to $5 million.

Senator Curtis. That leads to my next and last question because of the shortage of time.

There are a number of us who want to raise that figure from $5 to $10 million. Do you favor that?

Governor **WALLACE.** Yes, sir; I favor that because I would say that the tax-free bonds have brought at least 150,000 industrial job opportunities to this State since the year 1951 and so I want to thank you again for your attitude about these municipal bonds. In my judgment, many municipalities bonds, could not have been sold if they were not tax free. It is necessary for the development of rural America that these tax-free bonds stay in existence. Actually Alabama and our region of the country has increased its industrial development and output and job opportunities, per capita income. We have done a tremendous amount as Senator Talmadge can attest to.

Senator **CURTIS.** I am very pleased to have you say that because here we have a proven answer, without interference from Washington, to deal with the very problem assigned to this committee, and I am very glad for your statement and for your recommendation that we raise it.

Governor **WALLACE.** And I appreciate your interest in wanting to raise it, too, Senator.

Senator **TALMADGE.** Governor, you referred to the problem of textile imports, one in which I heartily concur. In my own State of Georgia, the textile industry employs 100,000 people, the garment industry about 68,000, thousands of others engaged in the business of production of cotton, warehousing, seeds, insecticides, and so on. Imports in my State last year destroyed 7,000 industrial jobs. How many were destroyed in Alabama; do you recall?

Governor **WALLACE.** I think the latest figure I saw the other day was 1,000, but that was some weeks ago. Now, I know of 2,000 that have been abolished in the last 3 months, Roanoke, Ala., and Childersburg, Ala., so I think we have lost about 3,000 to 5,000 jobs and I know they have lost them in South Carolina, North Carolina, your State, and I might say, Senator, of course, I know of your support, trying to get some reasonable quota and import restriction.

I might say we really don't have free trade. You go to Japan and they have all sorts of restrictions. They don't call it tariffs, but you can hardly get anything into Japan.

Senator **TALMADGE.** Ninety-eight separate quota systems.

Governor **WALLACE.** That is correct, and in my visit to Southeast Asia a year and a half ago, they are trying to do economically what they can't do militarily. In Saigon you see all these Hondas made in Japan bought with American money. That is exactly what happened, of course, and I frankly think we are on the verge of seeing economic collapse in these industries which is going to maybe trigger a depression.

Now, we must not price ourselves out of the markets and I am not causing any tariff wars, but we can at least deal hardheadedly with the Japanese, for instance, who are fine people, but at the same time they say they don't have any tariffs, but have got all sorts of restrictions and yet they flood this country and dump it with every conceivable item and items made in industries that we built with our tax money. It is hard to see a textile worker in Georgia pay taxes to build an industry in Japan that causes him to lose his job.

Senator **TALMADGE.** Here is a point I wanted to emphasize. In my own State, virtually every textile job is in a small town, in a small village or a small municipality. Frequently, that is the only industrial job within the county.

Governor **Wallace**. That is correct.

Senator **Talmadge**. Is the same thing true in Alabama?

Governor **Wallace**. The same thing is true in Alabama and that is the reason I alluded to it in the beginning of my testimony. Alabama is suffering more each day from this particular matter of Japanese and other imports. A 1,000-employee industry closed in Childersburg recently; 700,000 square feet of space, because of imports. We cannot compete with them.

Senator **Talmadge**. Isn't it true when they lose those textile jobs that frequently they can obtain no other job and they have to move off, maybe to go to a large urban area and wind up on welfare?

Governor **Wallace**. Exactly. That is correct, and actually if we could maintain these jobs, and if we maintain them at the present level, we must have some sort of quota. Some sort of program that will stop this dumping. We are really killing the increase in opportunities that should come about as a result of an expanding textile industry, but these people are trained in this particular field and they have, really, in most instances, no other training and when they are out of a job after having worked 10 to 12 years, they are completely frustrated because there is no place to go. When they go to a large city they usually wind up on welfare and I think it is something that the Congress ought to look into because I have a feeling that soon we are going to go toward some depression massively unless we protect some of these industries from foreign cheap labor.

Senator **Talmadge**. Thank you, Governor.

Senator **Humphrey**. Senator Allen?

Senator **Allen**. Governor Wallace, there are many communities over the State of Alabama that have payrolls now that would not have had them without the benefit of the Wallace Act. Certainly I want to commend you for that, for your leadership that goes back to the days when you were in the State legislature.

Governor **Wallace**. I believe you were in the legislature at that time and that was some farsighted legislation on my part. [Laughter.]

Senator **Allen**. Certainly that is one way that we could continue the development of rural America, is it not?

Governor **Wallace**. That is correct.

Senator **Allen**. And I was delighted to hear Senator Curtis speak of raising the limit on the amount of tax-free industrial development bonds to $10 million and I am hopeful that that shall be accomplished by the Congress.

Governor **Wallace**. Well, Senator, I want to thank you for the part you played in all of the industrial bond acts, including the Cater Act that we use in Alabama. Senator Humphrey, thank you for your attempts at that tax-exempt status in the Congress.

Senator **Allen**. I notice in this week's Look magazine an article by you on the unfinished business of America, taking a look at the next 5 years in this country, and you touch on several matters I believe that are of concern to this committee and with your permission I would like to insert in the record your article as it appeared in the July 13 issue of Look magazine.

Governor **Wallace**. Thank you, Senator.

Senator **Humphrey**. It will be included.

(For article, see page 973.)

Governor **WALLACE**. Thank you.

Senator **ALLEN**. Thank you. [Applause.]

Senator **HUMPHREY**. Thank you, Governor. [Applause.]

(Governor Wallace's prepared statement is as follows:)

Governor **WALLACE**. I am especially pleased with the opportunity afforded by this hearing to discuss some of the problems of rural development which include maintaining the viability of our agricultural economy. In formulating policies for rural development, we must keep constantly in mind that agriculture is the No. 1 business in rural America. Agriculture in its many forms is a major generator of income of bankers, grocers, implement dealers, and many small businesses in rural communities and towns.

A strong agricultural sector, therefore, is a foundation on which total rural development must be built. With the farm parity ratio currently at 70, it is obvious that a major element of any rural revitalization policy must provide for strengthening farm income.

Alabama is a State in transition. Between 1960 and 1970 the State's population increased 5.4 percent. According to the 1970 census, Alabama' population was 58.4 percent urban and 41.6 percent rural. Accumulated evidence indicates that our rural counties are lagging behind the State and the State behind the Nation in per capita incomes. In 1960, the average per capita income was $1,489 while the U.S. average was $2,216. By 1970, per capita income in Alabama had risen to $2,828 but still trailed the U.S. average by $1,072. Per capita incomes in Alabama counties vary directly with population. The average income in the six counties with populations over 100,000 was $3,095 whereas the average was $1,608 in the 30 rural counties having populations between 10,000 and 24,999.

The generally accepted definition of economic growth hinges on rising per capita incomes. It was felt that if incomes rose sufficiently, the other components would follow suit. Recent experiences of some U.S. cities, however, indicate that this does not necessarily hold true. Therefore, we must modify our definition of economic progress to include all conditions necessary to achieve rising levels of living. We need programs that provide both monetary and nonmonetary assistance. These needs can be met through the establishment of a national policy for rural resource use and development to promote a balance of opportunity between the urban and rural sectors. There is precedent for such public policy as evidenced by the success of the Rural Electrification Administration and Farm Credit System. The contributions of this legislation to developing rural America can be witnessed throughout the length and breadth of our rural areas.

A policy for rural resource use and development should consider the development of human, natural, and capital resources. There appear to be at least two major economic aspects involved in such a policy. First, the resources of our rural areas must be further improved and developed through investment which will strengthen the viability of local organizations and institutions. The goal is to provide a situation where resources can move freely from one area to another when productivity and returns can be increased. Herein lies the hope of revitalizing rural America.

Second, a national policy for rural resource use and development should provide for the strengthening of current programs which have a specific orientation toward rural problems and their solution. This would reduce duplication of efforts and lead to more intensive attacks on specific problems. Such unified national direction is particularly needed to provide for the future development of our rural areas.

A rural development policy must provide opportunities for those people no longer needed in agriculture to perform other productive work. In many cases existing skills and attitudes must be updated through vocational training to meet these new requirements. Alabama has recently initiated a substantial State vocational training program in which local citizens are trained to specification for a definite employer. This program could well serve as a mechanism to channel additional Federal assistance in making qualified labor available to industries desiring to locate in rural areas. With the decentralization of industries in rural areas, further improvements in our system of roads and highways must receive increased attention. People will commute to nearby industries which provide income opportunities.

Our land, water, and other natural resources form the base upon which all subsequent development is built. These must be properly developed to provide present returns and to preserve environmental quality for future generations. Once agricultural or other "open space" land has been transformed into "higher" uses such as highways or urban development, the changes are generally nonreversible. Therefore, a major aspect of a national rural development policy should give direction to the wise use of our land resources for long-range maximum benefit of society. County and regional land-use plans constitute the basis for future rural development. Such plans should be used to determine appropriate location of local public investments. County and municipal governments will then have the initiative to enact appropriate resource use plans consistent with county and regional ones.

In planning, it must be recognized that all land is not suited for every type of development. Soils vary tremendously in their ability not only to support agricultural production, but also to adequately and properly support industrial plants, housing developments, shopping centers, etc. Land-use planning therefore must be vigorously encouraged as a part of any effort to develop specific rural areas, or, for that matter, any general plan for rural development throughout our State and Nation. Much expertise in this field is readily available and should be used.

Soils information is available in every county from the Soil Conservation Service of the U.S. Department of Agriculture through past and present efforts in the national cooperative soil survey. This information, together with aggressive and meaningful decisionmaking on land use can do much to achieve orderly development.

A national policy for rural resource use and development should also stipulate that our water resources be conserved and utilized in a manner consistent with present and future needs. Our Alabama Water Improvement Commission is a step in the right direction. If it is to properly fulfill its function, however, explicit uniform national standards must be set. This is especially significant if the water resources of our rural areas are not to suffer the same fate as the rivers, streams, and lakes in some American cities where have become so polluted that they are no longer useful. Development of rural industry, both large and small, cannot be achieved without assurance of dependable water supplies for the industry itself, as well as for domestic uses. Also, important to development are plans for needed water-based recreation facilities that complement rural development. We must take a look therefore, at our water resource base from uppermost points in our watershed areas. We have in the past failed to take this into account in too many instances and have considered our needs met when large volumes of water were stored and made available for further growth of large population centers. We must take a new look at this entire approach.

Upstream watershed developments, including consideration of all needs—both present and future—can make a major contribution in this direction. Programs currently available and in operation such as the small watershed program administered by the Soil Conservation Service, can help in this effort. There is room for expansion of this entire effort and for certain new authorities to make them even more effective. We have several examples in Alabama where rural development is being promoted and where new jobs are being created by upstream water impoundments that include water for municipal and industrial growth and expansion, as well as for recreation.

In short, what is needed is a dynamic movement in the direction of coordinated land and water resource development as a first step in planning for proper rural development in Alabama, as well as throughout the country. This also involves an input by State and local leadership in making realistic decisions and adapting programs now available to meet specific local opportunities and needs.

Improvements in technology and increased use of manufactured inputs have greatly increased the capital needs of our rural areas. This is true for farmers, homeowners, small businessmen, and developing communities as a whole. Therefore, a serious need for access to more long-term and operating capital exists. Government lending agencies active in rural areas perform a useful service by supplementing private lenders. These agencies should be strengthened. In addition, the establishment of a system of rural development banks to help small towns and cities secure long-term capital at reasonable interest rates and terms would make a major contribution to supplementing their needs. Under this system all rural communities would have fair and equal access to the capital resources so desperately needed to stimulate economic activity and to provide rural citizens with the public facilities and services which make communities attractive places to live. Urban and suburban people often take these facilities and services for granted.

In brief, a national policy for rural resource use and development would have as its long-range purpose the creation of balanced opportunities for people who choose to live in our rural communities and countryside. Such a policy would serve the two-fold purpose of helping our rural citizens become more productive members of society and easing the migration pressures and problems of our cities.

THE ISSUE IS BALANCING OPPORTUNITIES

Much of the prevailing dialog concerning rural development and reclaiming the wholesomeness of our cities has centered on population distribution. This is a paradox within itself since balanced population growth throughout America is unattainable without a balance of opportunities. This is especially true for the rural areas of Alabama and the Nation. For example, the most competitive game played by communities of our time is economic development. For many years we have witnessed the efforts of communities of all sizes to improve their economic base through business and industrial development. This seems to be a perpetual hunger—numerous approaches and public programs have been used to promote rural industry.

Communities have offered a bundle of inducements in the form of tax moratoriums, financing, facilities and host of services. Others have advertised the availability of cheap power and labor as incentives to attract new job-producing enterprises. These methods and inducements have not always produced the expected results.

To the amazement of many rural community officials and leaders, local industries considering expansion or those seeking new locations were looking for something more than a subsidy. They place high value on community services, conveniences, recreation and community pride as well as the factors directly affecting production. Consequently, the attractive communities have been those stressing strong educational, recreational, cultural, social and environmental programs and facilities. It is apparent that economic development in our rural communities is conditioned by all of these factors. It is inconsistent with economic logic to think that business and industry will be willing or can afford the investments required to provide basic supporting services. The majority of rural communities which can provide the future home for thousands of Alabamians need and must have financial and technical assistance in getting ready to assume their roles as viable communities of tomorrow.

In discussing balance opportunities, it is heldful to look at the number and size of the communities, towns, and cities in Alabama. According to the 1970 preliminary census report. Alabama has six cities with population of 50,000 and above; eight cities with populations between 25,000 and 49,999; 21 cities with populations between 10,000 and 24,999; 41 cities with populations between 5,000 and 9,999; 47 towns and cities with populations between 2,500 and 4,999; and 240 towns and cities with populations under 2,500.

While all groupings showed an average increase in population growth over 1960, the most notable increase occurred in cities in the 5,000 to 9,999 and 10,000 to 24,999 population groupings. It appears from this growth trend that people, provided opportunities exist, will live in the smaller communities. This is especially true for those communities that can yield a positive influence upon the quality of living of its citizens.

It is not reasonable to assume that all rural communities can or should be developed into trade centers with duplicating kinds of facilities and services. The increasing interdependency of communities suggests that services and facilities that can be offered by one are conditioned somewhat by those available in others. This emphasizes the importance of looking beyond a given community or county boundary in planning for the development of our rural areas. The implication is that small rural communities and those in urban fringe areas must pay closer attention to what neighboring communities are doing. Many communities in the 5,000 to 10,000 population range have existing capabilities to become viable rural growth centers and consequently influence the prosperity and quality of life of their surrounding areas. It is at this point that present national thinking must be redirected.

Some people in high echelons would direct public policy benefits primarily to cities of 50,000 population and above. However, to pursue such a policy to its logical end will only bring us to a point in time where we could be faced with the reoccurrence of existing dilemmas of population-impacted cities.

It follows that public policy and its resulting programs should reflect the unique needs and differences of urban centers as well as rural areas and communities. This is a consideration that has been solely lacking in many of the programs administered by agencies of Federal Government which have attempted to umbrella the problems of urban and rural people. Flexibility must be the principal criteria in the development and implementation of public assistance programs aimed at providing a balance of opportunities if this Nation is to experience a rebirth of its unpopulated and depressed rural communities.

Increased public policy emphasis for rural communities should be directed toward the following critical factors: More and better employment opportunities, ample and adequate housing, improved public facilities and services—sanitary water and sewage facilities, police and fire protection, streets, utilities, education and healthy delivery assistance, and recreation and cultural facilities and services. Housing can be cited as a specific example of what we are talking about. The Farmers Home Administration has performed a useful service in helping to make rural communities a better place in which to live and work.

Since the rural housing program of the Farmers Home Administration was initiated in 1949, approximately 22,000 rural families have been financed for a total of approximately $192 million. However, more than half of the families served and money spent has been during the last 3 years after Congress provided additional funds so this agency could make a greater impact on the housing needs of Alabama and the Nation. If Congress continues to appropriate funds for the next several years as they have for the past 3 years, it will enable FHA to assist from 5,000 to 7,500 rural Alabama families each year in obtaining new homes. Given capability, the Farmers Home Administration could have a definite impact in meeting the needs for rural housing in Alabama. My recommendation is that the Farmers Home Administration housing program be provided funds and personnel to continue at an increased rate and that the Congress enact legislation to enable Farmers Home Administration to assist a builder in developing sites for houses in the rural areas.

The Farmers Home Administration community services program is another excellent example of the kind of assistance that communities must receive before they can experience economic growth and development. Since Congress authorized the program in 1961, FHA in Alabama has assisted 562 rural groups and communities with needed facilities and services. Total loans and grants have been advanced in the amount of approximately $45 million to 52,000 families. Altogether 208,000 people in Alabama have benefited from the services provided by these loans and grants. Even so, only 15 percent of the State's rural population is served by these community programs loans, and grants. Considerably more people could be served provided funds were available. Priority lists have to be established because of insufficient funds. The normal waiting period at present is about 2 years. Grant funds have been so restricted that only those communities that cannot afford a feasible system are permitted to use the minimum of grant funds to make the system feasible.

Almost every rural town or community in Alabama lacks an adequate sewage system. If sewage systems are to be provided these communities, provisions must be made for an increase in grant allotments. I fully support increased appropriations for both loan and grant funds to enable up-dating and installing-new water and sewage systems where the economic impact will be significant.

The rural electric cooperatives in Alabama are also in a unique position to play a vital role in rural development. They serve 59 of the State's 67 counties which include approximately 800,000 people or roughly 23 percent of our population.

The rural electric cooperatives have played a vital role in raising the standard of living for the rural residents of Alabama. Twenty-three rural electric cooperatives are controlled by approximately 200 Alabamians as directors. Their organizational structure in itself affords an opportunity to be very sensitive to community needs and desires. In essence, they are a part of the community.

One way to aid the rural development process is to strengthen these 23 rural institutions by adequate appropriations and assistance to the Rural Electrification Administration.

Rural electric cooperatives have already offered much leadership in areas other than providing electricity. Some have been instrumental in the formation of water systems; such as, Sand Mountain Electric Cooperative, Rainesville, Ala. Others have assisted in the formation of nonprofit housing authorities to develop sites for homes to be built through the Farmers Home Administration; such as Baldwin County Electric Cooperative in Robertsdale, Ala. I single these out only to illustrate what can be done by these organizations to help revitalize our rural communities.

It is these kinds of tangible amenities which citizens of our 20th century society expect and aspire to. We can expect no great change in population location patterns until national emphasis is intensified on providing these basic human needs and desires. This is what rural development is all about. It is taking action now to create more economic opportunities and a better environment in countryside America—which will simultaneously ease the pressures on urban America and help restore the opportunities and quality of life which have been their attraction.

FACILITATING RURAL DEVELOPMENT

Mr. Chairman, it is our concern for the need of a broad national rural development policy that dominates much of my thinking as I comment on the legislation now under consideration. We support the objective of rural development around which the current revenue-sharing bill is formulated. We must reject, however, much of the content of the revenue-sharing bill because it is at odds with this objective.

We have looked for evidence that many programs which enhance development would be continued under State sponsorship, but we do not find it. We note that with the exception of the Cooperative Extension Service, no maintenance of effort on the part of the States is required on any of the programs. Indeed, to the extent that States might use some of the funds on secondary roads, hospitals in rural areas, and for meat and poultry inspection, they might be able actually to reduce expenditures of State funds for rural programs. Thus the apparent intention to enlarge rural development funding would be sabotaged, not aided. Furthermore, there is not enough "new money" in the rural revenue-sharing proposal to be significant.

We are not for continuing programs after their objectives have been realized. But some of the programs that would be phased out are increasing in significance to rural development. I refer to sewer and water grants programs, the rural environmental assistance program, and such regional programs as those under the Appalachian Regional Commission.

We are also concerned over the possibility that competition could result in reduced expenditures for rural development. Undoubtedly some public and private institutions with marginal contributions to rural development could become major competitors for funds. We recognize that it is desirable to have programs which will help rural areas attract industries. However, we believe there are better ways than taking funds from rural programs. An example cited previously would be loans from a Rural Development Bank. Another example might be use of credit on taxes for investments made in rural areas.

Our concerns are in no way diminished as we study the companion legislation to revenue sharing—the departmental reorganization proposal. Under this proposal, the U.S. Department of Agriculture would be abolished. Its functions would be spread among four new agencies. This is not the first proposal to reorganize the executive branch of government. Every President since Franklin D. Roosevelt has submitted such proposals. A central feature of such plans has generally been the raising or lowering of agencies in the hierarchial framework in order to increase or reduce their importance.

Under this proposed reorganization the agencies that now function in the U.S. Department of Agriculture would clearly be lowered as a result of the fragmentation that would occur. We presently experience frustration in conforming to requirements of the Office of Management and Budget as we try to implement and fund programs. We can only imagine the increased difficulties in directing proposals and seeking approval of four different Cabinet members prior to executive approval.

The revenue sharing and reorganization plans have much in common. Both would abolish the U.S. Department of Agriculture and diminish the farmer's voice in the executive branch of Government. This is contrary to our conviction as to the basic role of agriculture in rural development and to society's well-being.

In all probability the debate over the Administration's reorganization proposal will be a lengthy one—for a multitude of vested interests are involved. A more immediate concern is action to provide relief from the program overlaps and waste inherent in the confused structure of Federal programs having application to rural development.

Evidence of spectacular lack of coordination is coming to public attention through the various media. The sad consequence of interagency competition in providing Federal assistance to rural communities is to frequently exaggerated expenditures and inefficient delivery of resources to the ultimate beneficiaries.

The efforts of a rural community—population 5,000—in a depressed area to obtain financial assistance for improvements in its water system is a case in point. Under existing programs either the Economic Development Administration of the Commerce Department or USDA's Farmers Home Administration could respond to the community's need.

Since EDA assistance is more or less directed to projects with economic generating benefits, the community must often look elsewhere if it is to develop its total water program for both domestic and industrial use. The Farmers Home Administration could work with the community under existing authorities but ceilings on loans and grant moneys impose barriers in planning and developing the community's total water needs. The result is often fragmented planning and frustration on the part of community leaders in complying with the procedures of two different agencies and programs. It would appear that the Farmers Home Administration with its network of county offices is better situated to administer a total community services program to towns and communities in predominately rural areas.

The state of interagency confusion and overlapping is illustrated in a recent report which cites nine different Federal departments having programs for educational affairs. Federal recreational areas, many of which have application for rural development, are run by six different units in three departments as well as by one independent agency. In addition, we see agricultural-type programs operated by the Office of Economic Opportunity and so on and on.

Is it any wonder that understaffed county and municipal governments and community committees become exasperated in their efforts to dissect the entanglement of bureaucracy in their search for one program and one agency to which they can direct a project plan.

Immediate improvements in this situation could be made by the executive office through the budgeting process and by the Congress through redirecting appropriations to those agencies with historical mandates and the know-how to administer programs for rural communities.

BEGINNING WHERE WE ARE

A reasonable approach to the solution of any problem is to start where you are with what you have and make the most of it. So it must be with our combined efforts to improve the economic wellbeing and quality of life of rural Americans through intensified rural development programs.

The plight of small farmers and their communities is a national problem that can only intensify the current population pressures on our cities. This tragedy is vividly illustrated in the June 25, 1971, issue of Life magazine.

The conditions cited in the farming community of Vienna, S. Dak., are typical of literally thousands of once thriving rural communities.

It is a story of desperation and hopelessness which should toughen the sympathetic nerve of responsible public opinion leaders and policymakers.

The fact that displacement of people from agricultural production has and continues to occur is not the critical social issue. It is, however, our failure to recognize and understand its consequences in the lives of people and communities affected. Most serious is the absence of an effective national policy of sufficient scope and emphasis to cope with the problems of transition of human resources and adjustments in the social and economic opportunities of small towns and countryside, U.S.A.

Although the 1969 agricultural census data are not yet published, latest estimates indicate Alabama has approximately 85,000 farms which is home for Alabamians. Of this total, approximately 80 percent, or 68,000 farms, produce an annual gross farm income of $10,000 or less. After deducting the high cost of production supplies required to produce this gross, the remaining net farm income falls below any of the proverty income guidelines that have been set forth. On a per capita basis the income figures are even more distressing since most studies show that this category of farm families is among the highest in terms of family size.

A majority of these 68,000 farm operators are able to remain on their land only through supplemental income from off-farm sources. While this is a desirable arrangement, there is growing evidence that farm income will contribute an even smaller share of total income for these limited resource farm families. Being confronted with increased income needs, thousands will be forced to undergo the relentless frustrations experienced by those before them. Some will accept a smaller income and remain on their farms. A few will be able to find full-time local off-farm employment. But the majority will only experience the anxieties of decreasing levels of living and look to the cities as a means of escape from their depressed situation. They will not be easily convinced that the city only holds more of the same for the many who go there ill prepared for either the work or social environment or urbania.

Unless we can provide opportunities for these rural residents, what hope exists for the larger long-range challenge of repopulating our rural areas? Increased emphasis should be given to U.S. Department of Agriculture programs which provide financial, education, and technical assistance needed by the rank-and-file farm family. These resources could be used effectively to meet the short and intermediate range needs for generating more farm income and for providing additional stimulation for some who may have the potential capability to move into a commercial agriculture status. We should not take for granted the contributions that further development of our agricultural sector can make to viable rural economies and increased levels of living of rural people.

The future on the farm for literally thousands of Alabamians depends on access to credit at reasonable terms. A report recently released by the Auburn University Cooperative Extension Service bears this out. The report dealing with extension's demonstration program for limited-resource farmers in Alabama indicates that additional credit could be put to productive use. Generally speaking, the volume of production on these farms does not efficiently employ the available labor. Furthermore, their equity position, on the average, is about 90 percent of assets or approximately $25,000. Consequently, sufficient equity exists to adequately finance additional capital if it were readily available. The additional credit, if wisely managed could be used to expand existing or add new enterprises to the business and more fully employ family labor.

The need for additional credit on the part of many farmers is further illustrated in activities of the Farmers Home Administration. All FHA operating-type loans have been made from direct appropriations. With the growing financial needs of farmers and with the need to increase and expand their size of operation which requires additional financial resources and with banks and other private lending institutions reducing their assistance to farmers, the need of this program is increasingly critical. To enable Congress to provide adequate funds for this program, appropriations should be switched from direct to an insured program with funds provided from local and national lenders.

Since the inception of the program, FHA in Alabama has assisted approximately 11,000 families to enlarge, develop, refinance or purchase farms of their own. Approximately $85 million has been used for this program. A majority of these families were sharecroppers and tenants who are now substantial citizens and taxpayers in the State.

While responsibilities and lending authority of FHA have been increasing, the manpower of this agency has not increased proportionally. If a concerted effort is to be made to keep people in rural areas, appropriations for this agency should be expanded and additional personnel provided.

There is also a tremendous need for additional resources to provide intensive research and educational programs in the area of management and use of production technology among Alabama's farmers. The use of modern business management techniques, particularly among farmers grossing less than $10,000 annually, is grossly inadequate.

Successful experiences gained in the use of subprofessionals in the national food and nutrition education program clearly demonstrates that many rural families, given individualized intensive assistance, can be motivated to help themselves. This approach should lend itself to helping stimulate the productivity of thousands of small farming units.

Another major obstacle to further agricultural development is the lack of adequate markets. Small farmers have particularly felt the brunt of economic forces resulting from lack of access to markets. Like all farmers, they are price-takers—the prices for their products are set at the end of the marketing chain upon which they have no influence. Further, there has been a general inability of limited resource farmers to integrate into the present marketing process due to a lack of volume and capital. These factors along with decreasing sources of production supplies and outlets for their products have compounded the price-cost squeeze.

Alternative arrangements are needed to aid groups of small farmers in purchasing of their inputs and development of better and more accessible markets. To bring these farmers into a total market economy this will require a strengthening of the Agricultural Marketing Act of 1946 and subsequent acts that have enhanced market development. The inclusion of these farmers into the marketing process and the corresponding development of more marketing services will have a multiplier effect upon the total development of rural communities.

The production of an abundant supply of food is still an essential for this Nation. Commercial farmers, in many respects, are the backbone of this country. Their significance and the importance of their contribution cannot be overlooked in rural development. In addition, agriculture through the growing export market contributes to the improved status of the balance-of-payments situation for the United States. The producers of most of our food have built up large capital investments in land, buildings, machinery and equipment as well as livestock on which they, under today's conditions of prices received and costs paid for production inputs, are not receiving a fair return on their investment. Present agricultural policies and programs do not point in the direction of helping commercial producers achieve fair returns and incomes comparable to other segments of the economy. The plight of many nonagricultural businesses is tied to that of the farmer. Insuring that commercial farmers receive a fair share of national income is one of the most significant ingredients of rural development.

THE STATISTICAL PICTURE

Charitable foundations

It has been reliably estimated that in 1950 there were only 1,000 charitable foundations with assets of $2.57 billion. In 1971, the number increased to 25,000 with assets of over $20 billion.

It is estimated that in recent years, charitable foundations have devoted $300 million a year to poverty group and minority programing. Very little money is spent on behalf of rural or smalltown America, blue-collar workers or white ethnic groups.

Universities

The Nation's colleges and universities are another repository of growing tax-exempt financial power. It is estimated that their collective endowments total about $10 billion.

Churches

In 1969, the value of church-held properties and investments was put at about $102.5 billion. Estimates are that had these properties not been tax exempt they would have yielded $2.2 billion to local, State and Federal treasuries.

Tax relief for the average man is long overdue. A great measure of relief can be given now by simply removing tax exemptions from these and other organizations.

In 1947 we started a program in this State of building trade schools in rural areas of Alabama recognizing that some farm programs had curtailed the need for farm labor. Acreage control programs had made it unnecessary for many who had worked on the farms in the past to continue. Combined with this, complete mechanization of farming made it necessary for many people to be retrained and they went to the large cities for industrial employment. Our idea is to train those from the farm for industrial jobs in the rural areas of Alabama in order to induce industry to migrate in the broad expansion of this State.

I advocated during the 1968 campaign tax incentives and other programs to induce industry to build its branch plants in the future in the broad expansion of America. Realizing that if the people of our country all lived in the Great Lakes area, Los Angeles area, and the eastern seaboard, many problems would be compounded economically and socially. We today are facing that problem, and it must be met an dealt with. The long-range plan is to see that industry does build its branch plants in the broad expansion of this country so people could live in rural confines and still have industrial employment. This will not only be good for the country, industrially and economically, but will also help contain and solve some of the social and economic problems that are so prevalent and evident in the large cities of our Nation.

There must be a cautious look into the import policy of our country pertaining to textiles. Over 4.6 billion square yards of textiles and apparels of cotton, manmade fibers, and wool were imported to our country last year. This has led to the closing of at least 98 textile plants in the South and Northeast since January 1, 1969.

We must seek to give our own manufacturers and laborers protection from imports that will cause loss of demand and loss of jobs.

Senator HUMPHREY. I want to make it clear for the record that the entire testimony of the Governor as filed with the committee will be printed in our proceedings as if read.

Our next witness will be Dr. Luther H. Foster. Is Dr. Foster present? Dr. Foster is the president of the Tuskegee Institute and I believe you are accompanied by Dr. Mayberry?

Dr. Foster, we are very grateful for your presence. May I, as one of your admirers, thank you for what you have been doing at Tuskegee and what you do for this country. You are a fine, good man. We are just honored that you are here. We welcome your testimony.

STATEMENT OF DR. LUTHER H. FOSTER, PRESIDENT, TUSKEGEE INSTITUTE, TUSKEGEE INSTITUTE, ALA.

Dr. FOSTER. Mr. Chairman, thank you and members of the committee.

I have with me Dr. B. D. Mayberry; our vice president for development.

I do want to express my appreciation to the committee for this opportunity to testify and also to express my gratification of your concern for rural-based problems that lie at the root of many inadequacies in human development in urban areas of our Nation as well as in rural settings.

We have sent to you a comprehensive statement, the first five or six pages of which I will present to you, if I may.

Senator HUMPHREY. We will have the entire statement incorporated in the record with your recommendations.

Dr. **Foster**. Thank you.

Over a long period of years, distinguished committee members, we at Tuskegee have lived with the problems of the rural poor. We have made attempts to do something about these problems and the results of our efforts left Tuskegee Institute a little wiser about the ways of the people and more understanding of how big forces often play on little people. Our intimate view and insights have been gained from the studies by our faculty who have been concerned with the human condition. They have been concerned with this human condition from the perspectives of their several disciplines. We have carried on formal research, and we have been participant-observers in action programs. We have learned from our successes and failures. We can offer some possible formulas for success, and we can indicate some mistakes not to make.

Tuskegee Institute records will document its concern with migration since the enunciation of Booker T. Washington's dictum of 1896: "Cast down your buckets where you are." We have participated in experiments in planned migration and we have recorded what happened to people who were trained and prepared to live elsewhere. Staff people at Tuskegee Institute have spent time and effort trying to help people of the rural South make an adequate living to support a satisfying life where they were here in Alabama. Our successes and failures in our efforts in this direction have taught us something. We cannot review for you here the reports of our research or the evaluation of our experimental programs, but we can share with you the observations made and some conclusions based on them.

There is a statement written by one of our faculty. We think it is a very interesting one and rather beautifully stated but in the interest of time I merely call it to your attention because we think it is something you would want to look at somewhat later.

We in Tuskegee have been a persistent voice seeking to offer facts to the policymakers and program devisers, but it seems few heeded these indices that we and others have brought to the fore, now leading to the crises we face in the cities and other places in our Nation. So the desperate, impassioned shouting in the streets got attention instead of the hard facts and other suggestions that came out of many very useful studies.

Now, why people migrate and what they want where they are have come out in Tuskegee Institute program reports and research. There are the results of some studies and observations at Tuskegee Institute and I cite two of them: First, changes in technology that reduce the use of man labor, thus depriving many of a livelihood. These changes have taken away the minimal security people had in an already deplorable system of agriculture. With no place to live and no work to do, people must move. We might look at this development as a many-times multiplied personal and family crisis. From the viewpoint of the onlooker, it may be a migration problem; for those involved, however, it is shattering of a way of life requiring forced, undirected movements without any hopeful destination.

Second, the small sums of money spent on retraining programs: Only a few people have been affected and the apologists for these programs are often reluctant to assess them carefully. We at Tuskegee have trained people and placed them in employment only to have large numbers drift back to their homes and kin.

Third, minimal allocations of public funds for welfare: These subsidies do not provide adequate resources for health, education, and human resource development.

Now, in our view, what needs to be done? First, develop an economic policy about people and their needs; people will not look for greener pastures if their own is satisfying in its own greenness.

Second, initiate programs so well planned that involvement in those programs gives the lives of people involved meaningful purpose in making a living and having a zest for life.

Third, stop ignoring the information already available for planning and program execution; perhaps introduce a retrieval and diffusion system.

Fourth, establish a new trend in America to plan with people and not for people.

Now I would like to summarize some of our program recommendations dealing with program rather than so much with process as I have touched on so far.

The problems of rural Alabama cannot be separated from their poverty or the other interdependent factors that have isolated them from the economic, social and cultural mainstream of American life. Likewise, the rehabilitation of this area and its human resources cannot be a piecemeal effort. For example, as we provide housing, jobs and educational opportunity, we must simultaneously provide access to adequate diagnosis and treatment of disease and to means for maintaining health. What is especially needed is the commitment to act forthrightly and equitably at the local, State and Federal levels.

The program suggestions included in this presentation have been organized under the headings agriculture, rural housing, health and nutrition, and community development.

I would like now to summarize our considerations of these.

In agriculture, we observe from analyses made 20 years ago in a conference at Tuskegee Institute on "The Changing Status of the Negro in Southern Agriculture" and subsequent studies that there has been a policy of land use that may be described as progressive sterility—more unused land and more unemployed people. We recommend therefore: One, present implicit but nevertheless operational land-use policy should be reexamined in terms of land for living space for people rather than opportunities for resource exploitation.

Two, money now poured into antiproduction programs—both subsidy payments and welfare payments—may be redirected to stimulate the productive involvement of people.

Three, successful and systematic agricultural research which has led the way to modern agriculture should now be directed toward developing better methods for proper and economical land utilization by small landowners in new and creative approaches to rural living.

Four, improved arrangements should be made to assure success in the development of cooperative programs among small farmers such as the nearby Southeast Alabama Self-Help Association—SEASHA.

In the broad second classification—rural housing—substandard housing prevails throughout the rural area. In many cases tenants live in houses rent-free until they are uninhabitable and then used for hay storage, or torn down. Substandard housing in the rural black belt ranges from 58 percent to 79 percent. FHA programs are now available for low income housing but many rural families are too poor to take advantage of these. For example, too many poor are still living in houses which are less respectable cattlebarns, and yet in almost every case the local FHA fails to spend its annual appropriation and the reason for this is, as I indicated earlier, that the poor folks just are not able to participate in the programs that are available, limited though they are.

There is a splendid resource, it seems to us, at institutions of higher learning which, if adequately encouraged and financed, could develop prototypes that may help to reduce the overall cost of building homes for the poor. Such experimentation would be helpful, also, in tempering some of the exploitation of poor rural families by unscrupulous entrepreneur-builders, who are often attracted to fluid situations such as rural rehabilitation.

We recommend, therefore: One, greatly increased funds for guaranteed home loans; two, personnel to be recruited, trained and assigned on both the State and local levels in areas of financing, house construction, and rural economics, and with a special emphasis, if I may add, on some of the problems of youth economics or economics as it is of interest and significance to young people; three, rural housing developments to be encouraged at institutions of higher learning to the end that overall building costs of homes of the rural poor will be reduced; four, self-help input in house construction to be encouraged.

The third major category, health and nutrition: Health care facilities and personnel are in short supply throughout the area, as they are indeed, to a lesser degree, throughout the Nation. The doctor ratio in this region is 1 to 2,000—at least twice as inadequate as the national average—and some counties have essentially no hospital beds.

We strongly support, therefore, (1) In health manpower: pending Federal legislation to increase the output of core health professionals—physicians, nurses, etc., and incentives to influence a more beneficial distribution of this personnel into rural areas. Also in health manpower, establishment of strategically located new allied health manpower training centers.

(2) In health care delivery: We recommend further development of the comprehensive health center concept as applied to the rural setting, continuation of medicaid, medicare and other health care programs.

(3) In health research, we recommend expanded research into the existing health and nutritional status of people in rural areas as a basis for effective development of needed new health care programs.

We need the facts first. Many of them are here; some of them need to be collated.

Then, in our section on community development we note that the Land-Grant Act of the 19th century provided a solution to our technology and agricultural problems, so today we propose something that might be called a Communities Development Grant Act to encourage wise growth in our rural communities. The program would include several things: (1) Comprehensive community development assistance to provide the needed impetus for economic recovery and coordination of existing manpower training programs.

(2) Federal support of educational programs related to community studies to assure sufficient numbers of properly trained persons to help communities realize a wise growth.

(3) Community extension service centers to provide professional advice and financial assistance to needy communities.

(4) Community research centers at participating institutions.

(5) Special examination of the promising opportunities to redevelop rural towns and intermediate size cities. We expand on this at some length in the body of our report, Mr. Chairman.

(6) Special attention to the development of social mechanisms for problem solving and implementation at the local level.

Mr. Chairman and members of the committee, this concludes my oral presentation. There follows a more detailed examination of these issues. We want to say that Tuskegee Institute is very deeply committed to work a solution of these problems and we will be pleased to assist in any way our limited resources will permit.

I call your attention especially to exhibit B which is a tabulation of some of the very distressing statistics on population and income level in some of the counties.

Senator HUMPHREY. Thank you very much, Dr. Foster.

Dr. Mayberry, do you have any comment you would like to add?

Dr. MAYBERRY. No; the appendix which he called your attention to is page 21 of his statement.

Senator HUMPHREY. Yes, appendix B.

May I suggest to you, Dr. Foster and Dr. Mayberry, that when you get the time, and you can look into the Congressional Record which we could make available to you, we would appreciate your commentary or comment on our program for a Farm and Rural Development Act that was introduced by Senator Talmadge and myself and Senator Allen and others yesterday in the Senate. This relates primarily to financing of community facilities as well as financing of economic enterprises for rural development. It is not expressly designed as what you might call an antipoverty program. It is what you call a growth program, and economic expansion program, a community facilities program.

I meant to ask the Governor to do the same and if one of his representatives is here from the rural development side of the government of the State of Alabama, I would appreciate having just the comment from each of our witnesses.

Dr. FOSTER. I would be happy to.

Senator HUMPHREY. We need advice and counsel on this, quite frankly, and I am sure that there will have to be a good deal of discussion of it before we get any place with it and we welcome your views.

I was very interested in your commentary on page 5 where you say:

> There is a splendid resource at institutions of higher learning which have adequately encouraged and financed and developed prototypes that might help to reduce the overall cost of building homes for the poor.

There has been much talk about this over the years. Has Tuskegee ever done anything in this area?

Dr. FOSTER. Yes, we have indicated some of our work, particularly in planning for new developments, and it is documented in the major portion of our presentation here.

We have done work that led to the securing of some 400 homes in the city of Tuskegee. We have done some architectural work as well. We have done this over a period of several years, as a matter of fact. We were very much involved in rural housing 20, 25 years ago when it was not a popular thing at that time.

Senator Humphrey. Have you been able to demonstrate production of costs of building of satisfactory housing?

Dr. Foster. We have some evidence on this, but we do not have nearly as much as we should like to have. The problem is the need to enocurage and finance these developments in a situation where budgets are limited, but we think this is a human resource that is available, an institutional resource where you can bring persons in from home economics, sociology, and architecture and a number of other fields, to really tackle these problems in a comprehensive fashion.

Senator Humphrey. It has been my view that much more needs to be done with it. That is why I emphasized it in my question to you. You know we have done a great deal in housing in other parts of the world; and while it is modest housing, it is safe, sanitary, and it is modern, with modern sanitary facilities, modern kitchen facilities, and it is very cheap.

Now, I recognize that our wage scales, our construction costs, and financing costs in the United States domestically here are different than overseas, even though many of those that we put up in Latin America have been created by American labor and surely out of American capital. I think it is something worthwhile to look at, and any thing Tuskegee can do we welcome, and indeed your suggestion of maybe getting some research into this area might be very helpful.

I am going to make notes of it to speak to Senator Sparkman on it, because I don't know of any Senator that has done more in the housing field in America than your Senator from Alabama, who, by the way, wanted to be remembered to many of you down here. He is a remarkable leader in this field. [Applause.]

On the health care, are you familiar with the matter that was brought to our attention this morning at Decatur—mobile health clinics?

Dr. Foster. Yes. We have some programs under a Model Cities program in Tuskegee. The city of Tuskegee is designated as a Federal model city. We are doing something there. We are with our School of Nursing just beginning a program in one of the cities of Alabama with a healthmobile, and they will be working with the residents of one of the sections of that city. We are doing some things; we are knowledgeable about it. There are other opportunities that we would like to expand into.

Senator Humphrey. This was so attractive to me this morning because again in my visits in Latin America, we had put up through the AID program, our foreign aid program, literally dozens of these splendid mobile health clinics. There are huge vans, so to speak, that take health care with professional personnel right to the rural countryside and make regluar stops, just like you have the mobile library wagons, so to speak, that go into the rural areas with books. I would think it would be something worthwhile to press at State level to see if we couldn't help the rural poor a good deal more with these things.

One other thing you mention here is Comprehensive Health Center. How many of those do you have in Alabama?

Dr. Foster. I don't know the statistics on this. I am sorry, Mr. Chairman, but there are some. We feel the need, though, for many more; in particular, some of the depressed areas where they have not been able to get off the ground, where communities have not been prepared or understanding sufficiently of even the limited funds that are available, and the ways in which they might move to develop resources such as this. There is considerable need for expansion of these programs.

Senator HUMPHREY. Finally, you mentioned that there were unexpended funds from the FHA. Are you referring to the housing program or Farmers Home Administration?

Dr. FOSTER. Farmers Home Administration. This is our understanding as we read the reports that are available.

Senator HUMPHREY. Do you have any reason—do you know why those funds go unexpended?

Dr. FOSTER. We are not sure of all of the reasons, but we believe that part of it is that some of the funds are allocated for very low-income housing, but many of the citizens are not even able to qualify at that low level, so that some of the funds are not drawn on. This is our understanding of the situation.

Senator HUMPHREY. Senator Talmadge?

Senator TALMADGE. Dr. Foster, I want to compliment you on your statement. Several of your recommendations our committee has already taken positive action to remedy. We passed one bill through the Senate already. Another one is pending before the full committee, ready for action. The third, a majority of the Senate Committee on Agriculture introduced yesterday, which we have high hopes of favorable action on.

Do you agree with me that many, if not most, of the serious social problems that plague our country today are directly related to the fact that 75 percent of our people live on 2 percent of our land?

Dr. FOSTER. You mean, therefore, because they are in the cities?

Senator TALMADGE. Yes; too much congestion, too much crowding, too much——

Dr. FOSTER. I think this is a part of it, but I think the problem is very much more complex, so complex that it is difficult to make what might be seemingly a simple answer to it. I think this is a part of it.

Senator TALMADGE. Do you think we would have a far more stable society if we didn't have acres of people stacked on each other in our urban areas?

Dr. FOSTER. I have a personal preference for more space and elbow room, so I would naturally move in that direction. But I do believe that there are some unusual difficulties, and some of the sociologists write about this—too many people, too much noise, and things of this sort—and the question is how much of this can individuals stand.

It seems to me, though, that the problem is so complex that it is going to take a moving back from it and an examination of all of the aspects as well as the implications and interrelationships of these components as you move along.

Senator TALMADGE. You have done a fine job over at Tuskegee, and you lived in a prominent area and had some experience in that regard, and so have I. You can't have too many vegetables on an acre of land. You can't have too many stalks of corn on an acre of land, too many peanut plants on an acre of land, can't have too many cattle on an acre of land, can't have too many pigs on an acre of land, too many trees on an acre of land. And I don't think you can have too many human beings on an acre of ground. I think that is one of our serious problems.

Do you think with an adequate and effective Government program, that we could reverse this migration pattern that we witnessed in this country for half a century?

Dr. FOSTER. I think this could come about. I think there are many programs already in existence which, if brought together in their proper configuration—and if they can be adequately utilized at every level in the government—local, State, and national—and if there can be an effective participation and initiative on the part of individuals—would do much to build up rural areas—it isn't to stop a movement to the city, but the chief thing is it could be a positive program for the development of rural and semirural areas. Dispersal of population would come in a natural fashion, and I think for the benefit of the overall American economy as well as many other elements.

Senator TALMADGE. To try to provide a job where a boy and girl born in a particular area could continue to live there if they saw fit too.

Dr. FOSTER. If they saw fit to do so; I think that they should have their own choice.

Senator TALMADGE. Thank you.

Senator HUMPHREY. Senator Curtis?

Senator CURTIS. Dr. Foster, I am sorry that a necessary telephone call prevented me from hearing the first part of your testimony, but I shall pursue it. I might say that I made my first trip with a congressional committee to Alabama 31 years ago next September, and your good Senator, John Sparkman, was on the committee, and I had the privilege then of visiting Tuskegee Institute and having a visit which I shall always treasure with George Washington Carver.

I am just delighted that high on the list of witnesses today are the men from Tuskegee. [Laughter.]

Dr. FOSTER. I suggest that the Senator return to Tuskegee.

Thank you.

Senator HUMPHREY. Senator Allen?

Senator ALLEN. Thank you, Dr. Foster, for your very fine statement.

There is a question or two I would like to ask, if I may.

I notice most of your agricultural recommendations are based on a study made some 20 years ago at Tuskegee. Do you feel that the same conditions that existed then continue to exist and that no action was taken on those recommendations, recommended policies? It would be well to implement them at this time; is that correct?

Dr. FOSTER. Well, the recommendation I referred to was 20 years ago, and I think I mentioned subsequent studies and conferences and recommendations as well. I would have to say, and I am pleased to say, that there has been progress on some of these things; but there are many unfinished pieces of business. There are many things that really could be done that come out of those recommendations as well as some of the recommendations of some of the more general studies such as the study done recently, "The People Left Behind," and some of these other studies that have been done about the rural area.

So, there has been some change then but we have been endeavoring to update those and we believe there are still significant problems to be dealt with.

Senator **Allen**. As to your graduates there, what changes, if any, have taken place in the number that have settled and had their lifework in rural areas as compared to those who settle in urban areas? Has there been any change toward urbanization of your graduates?

Dr. **Foster**. Oh, yes, I think very definitely our students, like most graduates, will go where there are jobs and with movement into the cities and across the country—they have been moving in those directions as well.

Senator **Allen**. Well, would they first try to make a living in the rural areas and failing there, move to the cities or would they go from school straight to the urban centers?

Dr. **Foster**. Most of them will be going to the urban centers because that is where the job opportunities come for them. I think it is not so much a conscious decision of not living in the rural area or to live in the urban or semiurban area. It is trying to find the job and the kind of experience and position that is suitable to their training. For instance, graduate engineers would not find much opportunity in a rural area.

Senator **Allen**. Well, have you had to change your curriculum from time to time to adjust to the changes?

Dr. **Foster**. Curriculum has been adjusted over many years to take account of the new trends in the development of industry and the new trends in the development of our whole society. Whole new vocations have been developed and are continually developing through the years and we have been trying to keep abreast of this and to try—as a matter of fact, to anticipate as much as we can. We are very much concerned right now in developing some programs, considering the development of programs in the allied health professions because we see this as a very important opportunity and need for the country.

Senator **Allen**. Would you elaborate some on your recommendation 2 on page 4: "Money now pours into inadequate programs, both subsidy payments and welfare payments, may be redirected to stimulate productive involvement of the people."

Does that mean more work for welfare recipients and more production on the agricultural economy of those things which——

Dr. **Foster**. I think it would be a combination that would have to be very creatively and imaginatively pursued but what I was trying to get at is, it seems to me there are many payments that go now that are antiproduction, and this is contrary to what we think of in our own economy as typically indigenous to our country's philosophy. These payments not to grow crops, for example, or payments to people at the other extreme on welfare are merely holding operations.

How could we—if we reexamine all these situations and try to redirect some of these funds in line with our philosophy of human resource development—help people who are on welfare to develop as people, and put into production the unused physical resources that we have in this country? I don't know quite how to do it but it seems to me that this is an approach, a need, and one that is fully consonant with the tenets of our national philosophy and of humanitarianism as well.

Senator **Allen**. What is the present enrollment at Tuskegee?

Dr. **Foster**. About 3,000 now in the regular term; about 1,500 in the summer.

Senator **Allen**. Is that a progressive gain over the last decade?

Dr. **Foster**. Over the last decade it is a gain. It has been holding at about the same after a slight drop in the past year because of the economic problems primarily that our students are faced with.

Senator **Allen**. Dr. Foster, we certainly appreciate you coming before the committee, and Dr. Mayberry, giving us the benefit of your views. I am sure the subcommittee and full committee will make a full and careful study of your presentation.

Thank you.

Dr. **Foster**. Thank you very much. We appreciate it.

Senator **Humphrey**. We do thank you very much, both of you. Thank you. [Applause.]

I. INTRODUCTION

Mr. **Foster**. Mr. Chairman and members of the subcommittee, my name is Luther H. Foster, and I am president of Tuskegee Institute located in Macon County, Ala.

I am pleased to have this opportunity to testify before the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry. It is gratifying to know of your concern for rural-based problems that lie at the root of many inadequacies in human development in urban areas of our Nation as well as in rural settings.

II. THE INTIMATE VIEW

Over a long period of years, we at Tuskegee Institute have lived with the problems of the rural poor. We have made attempts to do something about these problems and the results of our efforts left Tuskegee Institute a little wiser about the ways of the people and more understanding of how big forces play on little people. Our intimate view and insights have been gained from the studies by our faculty who have been concerned with the human condition from the perspectives of their several disciplines. We have carried on formal research, and we have been participant observers in action programs. We have learned from our successes and failures. We can offer some possible formulas for success, and we can indicate mistakes not to make.

Tuskegee Institute records will document its concern with migration since the enunciation of Booker T. Washington's dictum of 1896—"Cast down your buckets where you are." We have participated in experiments in planned migration and recorded what happened to people who were trained and prepared to live elsewhere. Staff people at Tuskegee Institute have spent time and effort trying to help people of the rural South make an adequate living to support a satisfying life where they were. Our successes and failures in our efforts in this direction taught us something. We cannot review for you here the reports of our research or the evaluation of our experimental programs, but we can share with you the observations made and some conclusions based on them.

One of our faculty in expression of frustration wrote:

> The highways, smooth belts of concrete or asphalt, have come too since 1930. They connect the cities to each other and the larger

> towns to cities. Markers point from the highway to the villages and small towns that the highways bypass as they are no longer important to trade and commerce. The small towns and villages do have an importance however. They are the refuges for workers that the tractors and harvesters have pushed out of the fields. Big towns, little towns, and villages have grown since 1930. Small houses that have extended their boundaries are home for workers the farms have expelled and that city industries don't need.
>
> The long-abused and misused lands of the South are faring better than the long-abused and misused people who have inhabited them. There have been no policies and scientific practices to insure the constructive use of these people. Many of them who should be regarded as assets have been callously marked "expendable." This waste of human resources is the South's great unsolved problem. Soils in the South are being planned for in terms of their highest and more constructive purposes, whether it be forest, grass, or field. None of the land is regarded as waste and expendable. For every acre there is a use that in time will prove to be an asset. Sleek, well-fed cows graze on hillsides where gaunt, ill-fed people once scratched for a meager living. In fertile fields where children and their parents toiled without hope of security or comfort, machines sow, tend, and harvest bounteous crops.

We have been a persistent voice seeking to offer facts to the policymakers and program devisers, but few heeded these indices of today's crises; and so the desperate, impassioned shouting in the streets got attention. Why people migrate and what they want where they are have come out in Tuskegee Institute program reports and research.

There are the results of some studies and observations at Tuskegee Institute:

1. Changes in technology that reduce the use of man labor, thus depriving many of a livelihood. These changes have taken away the minimal security people had in a deplorable system of agriculture. With no place to live and no work to do, people must move. We might look at this development as a many-times multiplied personal and family crisis. From the viewpoint of the onlooker, it may be a migration problem; for those involved, it is shattering of a way of life requiring forced undirected movements without any hopeful destination.
2. The small sums of money spent on retraining programs. Only a few people have been affected, and the apologists for these programs are reluctant to assess them carefully. We have trained people and placed them in employment only to have large numbers drift back to their homes and kin.
3. Minimal allocations of public funds for welfare. These subsidies do not provide adequate resources for health, education, and human resource development.

What needs to be done?

1. Develop an economic policy about people and their needs; people will not look for greener pastures if their own is satisfying in its greenness.

2. Initiate programs so well planned that involvement in them gives the lives of people involved meaningful purpose in making a living and zest for life.

3. Stop ignoring the information available for planning and program execution; introduce a retrieval and diffusion system.

4. Establish a new trend in America to plan with people and not for people.

III. SUMMARY OF PROGRAM RECOMMENDATIONS

The problems of the people of rural Alabama cannot be separated from their poverty or the other interdependent factors that have isolated them from the economic, social, and cultural mainstream of American life. Likewise, the rehabilitation of this area and its human resources cannot be a piecemeal effort. For example, as we provide housing, jobs, and educational opportunity, we must simultaneously provide access to adequate diagnosis and treatment of disease and to means for maintaining health. What is especially needed is the commitment to act forthrightly and equitably at the local, state, and Federal levels.

The program suggestions included in this presentation have been organized under the headings:

Agriculture
Rural Housing
Health and Nutrition
Community Development

The summary of those presentations and recommendations follows:

Agriculture.—We observe from analyses made 20 years ago in a conference at Tuskegee Institute on "The Changing Status of the Negro in Southern Agriculture," and subsequent studies that there has been a policy of land use that may be described as progressive sterility—more unused land and more unemployed people. We recommend:

1. Present implicit but nevertheless operational land-use policy should be reexamined in terms of land for living space for people rather than opportunities for resource exploitation.

2. Money now poured into antiproduction programs—both subsidy payments and welfare payments—may be redirected to stimulate the productive involvement of people.

3. Successful and systematic agricultural research which has led the way to modern agriculture should now be directed toward developing better methods for proper and economical land utilization by small landowners in new and creative approaches, to rural living.

4. Improved arrangements should be made to assure success in the development of cooperative programs among small farmers such as the nearby Southeast Alabama Self-Help Association (SEASHA).

Rural housing.—Substandard housing prevails throughout the rural area. In many cases tenants live in houses rent-free until they are uninhabitable and then used for hay storage, or torn down. Substandard housing in the rural black belt ranges from 58 percent to 79 percent. FHA programs are now available for low-income housing, but many rural families are too poor to take advantage of these. For example, too many poor are still living in houses which are less respectable than Southern cattle barns and yet, in almost every case, the local FHA fails to spend its annual appropriation.

There is a splendid resource at institutions of higher learning which, if adequately encouraged and financed, could develop prototypes that may help to reduce the overall cost of building homes for the poor. Such experimentation would be helpful, also, in tempering some of the exploitation of poor rural families by unscrupulous entrepreneur-builders, who are often attracted to fluid situations such as rural rehabilitation.

We recommend:

1. Greatly increased funds for guaranteed home loans.
2. Personnel to be recruited, trained, and assigned on both the State and local levels in areas of financing, house construction, and rural economics.
3. Rural housing developments to be encouraged at institutions of higher learning to the end that overall building costs of homes of the rural poor will be reduced.
4. Self-help input in house construction to be encouraged.

Health and Nutrition.—Health care facilities and personnel are in short supply throughout the area, as they are indeed—to a lesser degree—throughout the Nation. The doctor ratio in this region is 1 to 2,000—at least twice as inadequate as the national average—and some counties have essentially no hospital beds.

We strongly support:

1. *In health manpower.*—Pending Federal legislation to increase the output of "core" health professionals (physicians, et cetera) and incentives to influence a more beneficial distribution of this personnel into rural areas.

Establishment of strategically located new allied health manpower training centers.

2. *In health care delivery.*—Further development of the comprehensive health center concept as applied to the rural setting.
3. *In health research.*—Expanded research into the existing health and nutritional status of people in rural areas as a basis for effective development of needed new health care programs.

Community Development.—The Land Grant Act of the 19th century provided a solution to our technology and agricultural problems, so today we propose a Communities Development Grant Act to encourage wise growth in our rural communities. The program would include:

1. Comprehensive community development assistance to provide the needed impetus for economic recovery and coordination of existing manpower training programs.
2. Federal support of educational programs related to community studies to assure sufficient numbers of properly trained persons to help communities realize a wise growth.
3. Community extension service centers to provide professional advice and financial assistance to needy communities.
4. Community research centers at participating institutions.
5. Special examination of the promising opportunities to redevelop rural towns and intermediate-size cities.
6. Special attention to the development of social mechanisms for problem solving and implementation at the local level.

This concludes my oral presentation. There follows a more detailed examination of these issues that we shall be pleased to further elaborate at the subcommittee's request. Tuskegee Institute is deeply committed to work toward a solution of these problems, and we will be pleased to assist in any way our limited resources permit.

IV. AGRICULTURE

Observations.—Improvements in agricultural practices and advances in technology and mechanization have brought about success upon success in reducing costs of production of food and fiber needed to support out Nation's growing population. Even greater improvement will be needed to keep up with the national and world requirements for agricultural products. The improvements in agriculture have reduced the needs for manual labor and shifted agricultural emphasis. This has resulted in a gross neglect of the rural people, small farmers who have been disarmed of their once menial opportunity of making a living because they were not blessed with the base upon which to build success. The partial solutions to our past agricultural problems have given birth now to a series of problems with very serious social implications.

Tuckegee Institute has constantly modernized and upgraded its traditional concern for the livelihood base of the rural population of the black belt. These have been related to the crop replacements for cotton—whether trees, grasses, animal production, or other crops. Related to the product are proper development of soil and water resources and a clinical, instructional, and research program in veterinary medicine.

From the analysis made 20 years ago in a conference at Tuskegee Institute on "The Changing Status of the Negro in Agriculture" and subsequent studies, there has been a policy of land use that may be described as progressive sterility—more unused land and more unemployed people. The residual rural population are not given the skills the new land-based production requires and such production potentials appear not to be vigorously explored. Expanded land holdings in large tracts give little indication of concern for people and their productive use. There has been minimal incentive from Government or elsewhere for those who own large acreages or who acquire such acreages to plan a production program with a labor market component.

Not much is likely to change in any given community until the respective agencies are accepted by the people they want to serve. We must establish a new trend in America and that is to plan with the people and not for the people. Agencies designed to work with the poor are finding it extremely difficult now to do something, although their intentions may be most honorable. The economically deprived individual, in some cases, has to be brought to the welfare office.

In this age, when all the world seems concerned about environmental problems, rural substandard and slum housing is indescribable in the rural black belt counties of Alabama. Too many poor are still living in houses which are less respectable than southern cattle barns and yet, in almost every case, the local FHA fails to spend its annual appropriation.

The minimum requirements for most FHA programs automatically eliminate the majority of the rural population which has the greatest need for assistance. In Lowndes County, Ala., for example, the median family income is less than $1,500 per year and over 60 percent of these families have substandard housing.

Achieving acceptance at the community level is a prerequisite for program development and action. Thus, it is clear that if Federal and

State agencies—both new and old line—are to succeed in rebuilding the urban and rural communities, they must not only have the desire to do so, they must change and modify their practices.

One of the strongest and most successful programs in working with the rural population of the United States has been the Agricultural Extension Service. We have not examined all the implications of proposed programs of Federal revenue sharing, but enough questions have already been raised in our minds to suggest that this idea should be approached with caution, especially as regards rural America and the past constructive role of the Extension Service; and most particularly as regards rural black America which, for a variety of reasons, has not received its rightful benefits under so many programs designed philosophically to help all rural people. The same successful system of agricultural research which has led the way to modern agriculture must now be directed toward developing better methods for proper and economical land utilization by small landowners. We must seek improved methods for assuring success in the development of cooperative programs among small farmers, such as in the nearby Southeast Alabama Self-Help Association (SEASHA).

Our most pressing need is neither new programs nor money. Our most pressing need is for a commitment to act forthrightly and equitably at the local, State, and Federal levels. For example, the poverty program was established in 1964. Yet, we still do not have a single funded comprehensive community action agency in the black belt west of Selma, where we have seven of the poorest counties in the State situated adjacent to each other.

Recommendations.—(1) Present implicit but nevertheless operational land-use policy should be reexamined in terms of land for living space for people rather than opportunities for resource exploitation.

(2) Money now poured into antiproduction programs—both subsidy payments and welfare payments—may be directed to stimulate the productive involvement of people.

(3) There should be more vigorous monitoring of services of agencies of the Department of Agriculture so they will reach their fullest possible target population and not screen out any clientele in need of these services.

V. RURAL HOUSING

Observations.—One of the more deplorable aspects of rural life is its housing. In the black belt counties of Alabama, from 50 to 76 percent of the total population live in substandard housing. These houses are drafty and ramshackle, cold and wet in the winter, leaky and steaming hot in summer. Most of these houses were constructed many years ago and are situated on land owned by the large farm operators. They are poorly constructed, lack proper sanitary facilities and are much too small for the families that occupy them. They were originally for the use of farm laborers and sharecroppers.

The changing of the farm economy from cotton to soybeans and cattle, plus the soil bank program and increased use of machinery, have made a drastic decrease in the amount of farm labor necessary and completely eliminated sharecropping. The farmowners of the houses have no interest in their upkeep as adult occupants now either work at menial jobs in the nearby small town or are on welfare.

It is not surprising that the South has the highest proportion of rural substandard housing in the country. Here we have the lowest median family income, the largest families and the largest proportion of black population. And in the black belt areas where we have the outmigration of the young adults, we have a disproportionate number of the black elderly occupying substandard housing.

Years of neglect and discrimination have been main causes of these deplorable housing conditions. It has only been within the last several years that efforts have been made to alleviate these conditions.

Rural housing, as with any housing, is limited in terms of water and sanitary waste disposal. A Government-sponsored research program which would result in low-cost sewage disposal for a small number of dwellings is needed. One hundred percent of the sewer construction loans and approximately 85 percent of the water system loans made under the Poage-Aiken bill have been made to small rural towns. This is good, but unfortunately, 90 percent of the poor in the black belt area live far removed from even the rural town.

Unfortunately, the vast majority of the population of the black belt counties have incomes too low even for the Farmers Home Administration house construction loans with "interest credit." In short, this housing program does not benefit the rural masses.

The federally supported self-help housing program in the rural areas has made the population aware of the benefits of adequate housing with sanitary facilities. Yet, for all its good points, this program only stimulates the desire for ownership—it falls far short of fulfilling the vast housing need. More than one-half of the rural poor live in rented dwellings and are too poor to buy houses even with interest credit. For these people, an expanded program for rent supplement is needed.

Organization and operation of rural housing authorities should be simplified and encouraged. Both HUD and the Farmers Home Administration should be given more funds to sponsor interest credit loans and rent supplement.

Institutions of higher learning are a substantial and creatively oriented resource for assistance in rural housing development. If properly encouraged and financed, they could provide leadership in developing prototypes that may help reduce the overall cost of building homes for the rural poor. Moreover, the injection of some carefully selected institutions would tend to reduce the exploitation of rural families that are taken advantage of on some occasions by unscrupulous entrepreneur-builders who are attracted to such fluid situations as new rural housing development.

Recommendations.—(1) Greatly increased funds for guaranteed home loans.

(2) Personnel to be recruited, trained, and assigned on both the State and local levels in areas of financing, house construction, and rural economics.

(3) Rural housing de[illegible]ments to be encouraged at institutions of higher learning to the [illegible]t overall building costs of homes of the rural poor will be reduce[illegible]

(4) Self-help input i[illegible]e construction to be encouraged.

VI. HEALTH AND NUTRITION

Observations.—One of the many negative byproducts of an inadequate health delivery system is a deficit of accurate information concerning the true scope of an area's health deficiencies and needs. When we discuss health problems in rural Alabama in 1971, we are limited to describing the tip of an iceberg whose true dimensions can only be crudely estimated.

One immediately visible problem is that of insufficient numbers and poor distribution of health care personnel. For example, in the Nation as a whole there is an average of one physician for every 1,000 persons; in Alabama the ratio is one physician for every 2,000 persons. Our health personnel problems in rural Alabama can be appreciated if we consider the example of one four-county area in the black belt, where only 25 physicians serve a population of 61,400 people spread over an area of 2,600 square miles. A survey of black families in this area revealed that two-thirds of the babies are delivered by midwives and 67 percent are delivered in the home. This contributes to an infant mortality rate for blacks in Alabama which is twice the rate for whites, and both remain among the highest in the United States.

In the 6-month period between January and June 1970, deaths attributed to tuberculosis, enteritis, nephritis, hypertension, and syphilis in Alabama were two to five times more frequent in the black population. These are diseases which can be cured or controlled if detected early and treated adequately. The proportionately heavier concentration of blacks in the economically depressed and medically underserviced rural areas of the State undoubtedly contributes to this picture.

Although available mortality and morbidity statistics are in themselves impressive, greater insight into the magnitude of our unsolved public health problems has been provided by individual studies. In one sample of 709 children examined in a black belt county, anemia—often profound—was present in four out of five. Eighty percent of adult women examined in the same study were also significantly anemic. Similar studies of small population samples within the black belt have documented a high frequency of diets which are both quantitatively and qualitatively inadequate. We are especially concerned about the frequency of marginal diets in relation to the potential effects of nutritional deficiency on early brain growth and development and on reduced resistance to a number of acquired diseases.

The health problems of the people of rural Alabama cannot be separated from their poverty, nor from the other interdependent factors that have isolated them from the economic, social, and cultural mainstream of American life. Likewise, the rehabilitation of this area and its human resources cannot be a piecemeal effort. As we provide housing, jobs, and educational opportunity, we must simultaneously provide access to adequate diagnosis and treatment of disease and to means for maintaining health.

Recommendations.—Our recommendations for action in the field of health and nutrition fall into three broad categories: health manpower, health care delivery and health research.

A. Health manpower

1. We strongly support pending Federal legislation designed to increase the output of "core" health professionals (physicians, pharmacists, dentists); but we also need legislation that will influence more predictably the distribution of such personnel through financial and other incentives for practicing in underdeveloped rural areas.

2. We urge new Federal programs to stimulate and financially support curriculum changes that provide medical and other allied health students a structured, meaningful exposure to rural community medicine early in the student's career.

3. We urge support for the establishment of additional allied health training centers in the geographic regions where the health problems are greatest.

4. Anticipating the future proliferation of new health careers and changes in the roles and responsibilities of existing health professionals, we believe the Federal Government should be prepared to suggest legal guidelines for the establishment of these new roles and new professions.

B. Health Care Delivery

1. We urge Federal support for further development of the comprehensive health center concept as applied to the rural setting, including location of new centers in towns already identified as rural trade and service centers.

2. We recommend that multiphase health screening, although expensive, be given an adequate trial as a means of rapidly identifying the frequency of important disease conditions in the rural population, and that such information be the basis for developing models of treatment and prevention.

3. We recommend that the comprehensive rural health care center, whether sponsored by public or by private funds, have access to the resources of the federally funded agencies and programs based in the rural community so as to help overcome barriers to optimal utilization of health screening programs, treatment facilities and immunization programs.

4. We strongly support medicare, mediacid, and national health insurance programs.

C. Health Research

1. We urge comprehensive health planning at local and regional levels, based on a comprehensive knowledge of where the health problems are, their true nature and their magnitude. This knowledge can be acquired only through adequately supported research into the existing health and nutritional status of people in rural areas such as the Alabama black belt.

VII. COMMUNITY DEVELOPMENT

Observations.—The rapid technological developments, the consequential rise of job opportunities in urban areas and decrease of opportunities in rural areas have caused an unprecedented rapid urbanization of this nation. Since World War I, a mass exodus from town to farm to large city has occurred as people sought better job opportunities, a more desirable environment and greater cultural amenities. Today, we are left with the results of the migration; namely, overpopulated, and overdeveloped large cities, suburban sprawl, and underpopulated and underdeveloped rural towns and cities.

Rural people fled to the city in search of a panacea, only to find a new kind of poverty, violence, and political-social complexity which defies correction. The middle class fled from the city to the suburbs in search of open land and low taxes, only to see the open land disappearing, their taxes increasing, an increasing crime problem, and a greater commuting-time requirement. This unbalanced growth has caused an unhealthy "organism" to spread across the land, in which decay and deterioration accompany and surpass growth. Our once viable rural towns slowly die as job opportunities diminish and disappear, and once industrious people become drudges upon society.

By now, it is clearly apparent that we must reverse present trends and that the future of our large metropolitan areas is directly related to the future of our rural communities.

Causes.—In the mid-19th century, this Nation became greatly concerned about the need to improve our technological position and to provide more efficient means of producing agricultural products. The Land-Grant Act of the 19th century helped provide the needed impetus. Our technological developments accelerated at such a rate that we now find ourselves in a situation of needing to control technology so that it does not destroy us. The early stages of our technological and industrial developments demanded concentration of our human resources. This requirement, along with need of fewer personnel to farm the land, the development of the auto-truck transportation system, and general lack of concern about quality of life, left us in our present situation.

Correction of the present condition demands a balanced corrective action as the problems of the large cities and small towns are interrelated. We can no more correct one without correcting the other than we acn use an insecticide which kills one pest but also kills the plant. It is obvious that if all our resources were poured into make our 12 largest cities environments of quality, more people would leave for these cities and we would soon be in a worse position than we are in now.

Nor can creation of new towns alone solve the urban problem, and it will not eliminate the rural decay. This approach as demonstrated by development of Columbia, Md., and Reston, Va., demands unprecedented financial resources, does significantly reduce open land acreage and it places great strains upon existing transportation networks, educational systems, and other public service systems.

In our haste to find new solutions to our urban crisis, we ignore our rural cities and fail to make use of this potentially rich resource. For the most part, these are places which relate to the human scale, have inhabitants interested in their preservation and growth, do not suffer insurmountable pollution problems or crime rates, and have the basic institutions upon which to grow. In the past, our towns and small cities demonstrated the ability to provide healthy, viable environments for people to grow, learn, and live full productive lives.

Today these places lack work opportunities and have underdeveloped natural, human and cultural resources. The people most seriously affected by the continuing and increasing economic decline in the southern rural towns are the already economically deprived rural people, most of whom are black. When given the opportunity, these people have shown that they have the basic characteristics to become productive citizens. What they presently lack is opportunity and proper training. Obviously, development assistance to these people will economically assist all people in a community. Consequently, the communities need a comprehensive assistance program which will initiate development of their resources so that private economic development is encouraged. The city of Tuskegee demonstrates that a reversal of decaying trends can occur if community resources can be marshaled, and Tuskegee Institute has demonstrated that universities can assist needy communities. An example is the community work by the institute's department of architecture which includes:

1. Initiating planning studies which eventually resulted in the Tuskegee model cities program. This program is now providing assistance to the community which is beginning to revitalize the town.
2. Conducting housing studies which were used to assist the city of Tuskegee obtain 400 units of low income housing.
3. Preparing a neighborhood analysis and comprehensive plan for Hobson City, Ala. This HUD-accepted document is being used as basis for acquiring improved facilities.
4. Undertaking a housing study for portions of Atlanta model cities—to aid citizens determine the type development which best suits their needs and values.

Although efforts since World War II to assist our rural population have been mainly piecemeal, the results have been encouraging and demonstrate that a coordinated, comprehensive program could produce substantial results for all sectors of our economy. A comprehensive development program for our rural communities could help bring relief to the large cities, help preserve needed open spaces in this Nation, and bring vitality back to communities which have made major contributions to the American life style.

Recommendations.—Just as the Land-Grant Act of the 19th century provided us a solution to our technology and agricultural problems in its time, so today a Communities Development Grant Act could encourage wise growth in our rural communities and, at the same time, help alleviate the problems in the major cities of America. Therefore, we propose a program to include:

1. Comprehensive community development assistance which would provide the needed impetus for economic recovery and cordination of existing manpower training programs. The Government would provide the initial assistance in order to create an environment which would encourage private enterprise development. All too often corporations choose not to locate in these communities because of their inadequate public service institutions, including housing, education, utilities, and shopping and because of the lack of the trained people who can deal with our present technology. This program would seek to reverse deteriorating trends and provide initial correction of present deficiencies. Once economic recovery commences, the communities should be able to sustain their own development.

2. Federal support of educational programs related to community studies so that there would be a sufficient number of properly trained persons to aid the communities to realize a wise growth. The disciplines would include: architecture, ecology, community planning, and other directly related programs. The support should first be awarded to institutions which have previously demonstrated their concern and commitment to improving the quality of the community environments and to improving the status of the economically deprived. Tuskegee's experience clearly demonstrates that there are many young people in the South who desire to return to their native towns and help in their revitalization. Unfortunately, all too often, these persons cannot complete their studies because of financial difficulties. If we are to solve our environmental problems it is essential that we have sufficient numbers of properly educated persons who will help communities become desirable environments. The first stage of the program should be aimed primarily at the undergraduate level and later expanded to the graduate level.

3. Establishment of extension service centers which would provide professional advice and financial assistance to needy communities in their:

- (*a*) Planning and community design development;
- (*b*) Transportation systems analysis and planning;
- (*c*) Human resource development;
- (*d*) Natural resource development; and
- (*e*) Economic development.

As in the first case, these centers should be located at institutions which have previously demonstrated clearly their commitment, concern, and capacity to provide needed assistance.

4. Establishment of research centers at the involved institutions for the purpose of understanding and developing:

- (*a*) Techniques for promoting a healthy interrelationship between communities and cities of all sizes;
- (*b*) Interrelationships between the natural and human resources and community growth;
- (*c*) More effective transportation and communication systems which will encourage balanced growth of the communities and the Nation;
- (*d*) Effective, controlled use of technological development; and
- (*e*) Other factors which influence community growth and environmental quality.

Implementation of the above program could help reverse the present trends and encourage a healthy 20th and 21st century development of the Nation in much the same way that our 19th-century development was aided by the Land-Grant Act. We envision that such a program could result in an America in which:

1. Our human and natural resources are developed in a comprehensive manner so that they are neither misused nor under used, and dignity and pride are returned to rural communities and their inhabitants.
2. A new regionalism emerges as large regional type cities develop in unison with a multitude of interrelated smaller communities of all sizes—each community, developing in accordance with its potential and unique characteristics, but all within a common

> frame of reference. Growth in this manner will provide variety so that people will be able to make a selection; our open spaces will be preserved; pressure will be removed from our inner cities and they will become desirable places for human growth; new transportation-communication networks will effectively connect all communities; and vitality will return to our rural communities.

All of this will occur only if a new, comprehensive development program is initiated. Therefore, we strongly urge adoption of a Communities Development Grant Act.

APPENDIX A.—TUSKEGEE INSTITUTE HUMAN RESOURCE DEVELOPMENT CENTER

The Human Resource Development Center (HRDC) is a campus-based administrative, coordinating and program development unit of Tuskegee Institute, funded in part by the Kellogg Foundation. An outgrowth of earlier attempts to help meet health, social, educational, economic, cultural, and training needs of low-income families, HRDC aims to make a sustained and lasting impact on the relief of poverty by helping people help themselves. There follows a brief demographic and program description of its work area:

Microcosm.—The Experiment and Demonstration Area. The large canvas has been done of the rural United States, of poverty, and rural people, and of health conditions of the rural poor. The Macrocosm depicted[1] is terrible to contemplate and its over-all dimensions conducive to a frustrating resignation to the deplorable. Hope rises when the decision is made to study a detail of the picture—a small area where in-depth understanding may be achieved and a manageable program may be introduced that might bring about changes which could guide programs for similar delimited areas. The frantic revolutionaries, outraged by what obtains and insistent upon immediate overthrow of it, do not heed history's object lessons of the long-time gargantuan task of building what they envision. Development of the model, proper use of resources, definition of functions, training persons for operational staff work, education of the people whose cause they champion constitute an enormous task even in a delimited area for a relatively small population.

The People.—In 1970, 371,670 people lived in the Human Resource Development Center's E and D area. This was a decrease from 397,846 living there in 1960. These figures do not tell a meaningful story because the area population included two significant urbanized areas—Montgomery County, with the city of Montgomery, and Dallas County, with the city of Selma. Between 1950 and 1960 all the counties showed a loss of population except Montgomery which had an increase of 17.9 percent, while Dallas showed a loss of 1.7 percent. Six of the other counties had losses of 15 percent or more in this decade. In the decade 1960–70 all counties reported losses in population, Montgomery losing 0.8 percent and Dallas 2.4 percent. Again five counties showed losses of 15 percent or more. Excluding Montgomery County, 63.5 percent of the population in the area is Negro. Negroes in the area are 14.2 percent of all Negroes in Alabama, while whites are 2.5 percent of all whites in Alabama. Preliminary reports of the 1970 census show owner occupancy of housing to have increased for whites and declined for Negroes, while over-all owner occupancy increaseed from 44 percent to 53 percent.

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[1] President's National Advisory Commission on Rural Poverty, "The People Left Behind," U.S. Government Printing Office, Washington, D.C., September 1967; National Advisory Commission on Health Facilities, "A Report to the President," U.S. Government Printing Office, December 1968; Alan R. Bird, "Poverty in Rural Areas of the United States," Department of Agriculture Economic Report No. 63, Washington, D.C. 1964; The Carnegie Commission on Higher Education, "Higher Education and the Nation's Health: Policies for Medical and Dental Education," McGraw-Hill Book Co., October 1970.

There was great change in rural-urban proportions of the population in the HRDC E and A area. Between 1950 and 1960, the rural population decreased 21 percent and between 1960 and 1970, 14 percent—representing a numerical drop of 77,967. The urban population increased 26 percent between 1950 and 1960, and 0.6 percent between 1960 and 1970. The urban increase and the rural decrease were not uniform over the area. Of the five counties that were 100 percent rural in 1950, two continued to be 100 percent rural in 1970. This is not the whole story. The two counties that were 100 percent rural in both 1950 and 1970 lost population: one lost 7,173 people, or 31 percent of its population; the other lost 5,121 persons, or 28 percent. In the other three counties the numerical losses were greater. Thus, there is indicated a migration away from greater than urbanization within these counties. The fact to be contemplated is that the residual rural population is one that is not agricultural or rural in keeping with any romantic stereotypes.

APPENDIX B.—PROFILE OF THE TUSKEGEE INSTITUTE OUTREACH COMMUNITY[1]

Geographic area	Population			Median family income	Percent sub-standard housing	Percent selective service rejectees	Percent poverty families
	Total	Percent rural	Percent nonwhite				
1. Autauga County	18,739	64.7	42.0	3,170	56.4	62.9	48.2
2. Barbour County	24,700	66.2	52.0	2,174	60.6	74.2	62.1
3. Bullock County[2]	13,462	72.5	72.0	1,557	70.9	79.1	69.3
4. Butler County	24,560	71.9	45.0	2,392	62.0	70.7	59.1
5. Chambers County	37,828	57.9	37.0	4,033	42.6	67.4	38.9
6. Choctaw County	17,870	100.0	49.0	2,397	67.8	74.5	59.9
7. Clarke County	55,738	68.4	50.0	2,766	60.2	78.5	54.1
8. Coosa County	10,726	100.0	36.0	2,923	37.1	60.6	51.5
9. Crenshaw County	14,909	100.0	32.0	1,914	69.1	57.1	69.5
10. Dallas County[2]	56,667	49.9	58.0	2,846	43.0	77.4	52.0
11. Elmore County	30,524	77.6	34.0	3,273	49.2	69.9	46.4
12. Green County[2]	13,600	79.5	61.0	1,404	76.6	86.9	74.0
13. Hale County[2]	19,537	84.2	71.0	1,803	73.3	82.3	69.8
14. Lee County	49,754	35.8	37.0	3,974	38.3	67.2	38.2
15. Lowndes County[2]	15,417	100.0	81.0	1,387	79.5	84.1	72.0
16. Macon County[2]	26,717	86.7	83.0	2,428	58.0	75.3	56.9
17. Marengo County[2]	27,098	63.5	62.0	2,227	61.3	75.7	60.6
18. Monroe County	22,372	83.8	51.0	2,481	64.0	70.8	57.9
19. Montgomery County[2]	169,210	15.6	38.0	4,777	25.8	63.1	31.2
20. Perry County[2]	17,358	78.1	66.0	1,675	71.5	86.2	69.5
21. Pike County	25,987	50.9	42.0	2,342	59.9	69.7	60.1
22. Russell County	46,351	40.4	49.0	2,335	45.8	72.5	45.3
23. Sumter County[2]	20,041	83.4	76.0	1,564	73.2	82.7	72.2
24. Tallapoosa County	35,007	49.0	29.0	3,747	45.1	60.2	40.0
25. Washington County	15,372	100.0	45.0	2,907	67.0	68.2	51.6
26. Wilcox County[2]	18,739	100.0	77.0	1,550	78.9	84.1	74.1
Totals or averages	801,283	72.3	53.6	2,574	59.1	72.7	54.8
Alabama	3,266,740	XX	30.0	3,937	XX	XX	39.0
United States	200,000,000	XX	12.0	5,095	XX	XX	17.5

[1] 1960 census.

[2] Black Belt counties.

APPENDIX C—PARTICIPATING TUSKEGEE INSTITUTE STAFF

Luther H. Foster, president; Charles C. Hight, head, department of architecture; C. L. Hopper, medical director; Lewis W. Jones, professor of sociology; Maurice M. Maloney, head, department of agriculture; B. D. Mayberry, vice president for development; T. J. Pinnock, director, Human Resource Development Center.

Senator HUMPHREY. John Brown, Jr., director, the South East Alabama Self-Help Association, Inc.

How do you do, Mr. Brown? Welcome.

STATEMENT OF JOHN BROWN, JR., DIRECTOR, SOUTHEAST ALABAMA SELF-HELP ASSOCIATION, TUSKEGEE INSTITUTE, ALA.

Mr. BROWN. Thank you, Mr. Chairman, and other members of the committee. I would like to express my personal appreciation for the concern shown by this committee. For years, those of us who were born in rural poverty have known that the problems plaguing the large industrial areas of this country got their birth in rural America.

Mechanization and automation have máde hand labor on the farm obsolete and the small farmers that once contributed so gloriously to the economic virility of this land can no longer compete. Mankind, however, is still America's most valuable natural resource. Recognizing this fact, I must plead with you to understand that the beautiful rhetoric of various officials will not solve the problem, building additional prisons will not help, rebuilding the ghettoes without building rural America will only compound the problem. Men of power must now demonstrate the will and the commitment and must urgently provide the financial resources and leadership to make rural America more productive for all to live in.

Until you begin to encourage and assist financially the decentralization of industries, the most beautiful homes in rural America may have no meaning because the poor have nowhere to work to pay the home mortgage; until you begin to encourage and support adequately cooperatives such as SEASHA, sons and daughters of the poor will continue to migrate to urban centers; until all are treated equitably in education, job training, job placement, the poor will continue to distrust the willingness and commitment of their National and State leaders. Mr. Chairman, I fervently believe that the task is not beyond our grasp if we act now.

SEASHA, as a cooperative, is currently being funded by OEO, EDA, and the Ford Foundation. Certainly the gigantic task to be accomplished defied the imagination of the funding agencies in terms of financial needs, but the problems captured their sympathies and to this end some funds have been allocated to provide us with the bootstrap with which to lift ourselves.

SEASHA's major goal was, and still is to make rural life tolerable for thousands who have found themselves almost hopelessly trapped in a desert of poverty, injustice, and ignorance. Lack of education coupled with all the ills associated with malnutrition, unemployment, poor health, lack of recreation, and an apparent unconcerned leadership at various levels, have left the rural poor with no alternative but to migrate to the large cities where their misery finds some comfort in associating with more misery.

Gentlemen, the problem giving rise to the massive destruction of America's human resources started in rural America and in my judgment should be corrected there. If we fail to do this, soon we will fail to recognize America as the world's most progressive, imaginative, and compassionate society.

Let it be made clear that SEASHA is trying desperately in a very small but significant way to demonstrate to the rest of the Nation that the poor in rural America do have hope and that with a little assistance can make their lives meaningful and contribute to the rebirth and revitalization of our entire Nation. Given an opportunity and a fair chance to compete, they, too, can contribute to the exploration of space—and that should always be one of the Nation's concerns—they, too can contribute tenfold to the Nation's defense, and will continue to do so, but please don't leave them behind in the fight for economic survival.

In our Nation's wars—World War I and World War II, the Korean conflict, and the wars in Southeast Asia you have not left them behind; don't leave them behind in our own country and don't leave them behind in peacetime.

SEASHA is trying against tremendous odds to help the rural poor in 12 counties survive economically and to create a blueprint for the next generation to live in rural America.

Here is what SEASHA has accomplished within its very short period of existence:

Senator HUMPHREY. How long have you been in existence?

Mr. BROWN. About 2 years.

Senator HUMPHREY. Two years.

Mr. BROWN. It has established a 12-county feeder-pig cooperative, a 12-county Federal credit union, a staff for community service, and a nonfarm industrial development component. Let us look at each of these individually.

The feeder-pig co-op: Initially, direct loans were made to 24 farm families to set up feeder-pig projects, each of which consisted of a 10 gilt, one boar unit. Before SEASHA, these farmers had an average income of $2,294 with an average family size of 6.16 members. During the first 14 months of operation these farmers sold 3,609 pigs for a gross income of over $75,000. From these sales the families' net income was increased by 22 percent. Eight additional farmers were added from loan repayments received from the initial 24 farmers.

The 10-sow, one boar units mentioned earlier are being used to provide on-the-job training in professional swine production. Once a farmer becomes proficient in swine production, he can increase his sow herd to as many as 40 to 50 brood sows by growing out several female pigs from each litter. This way he can increase his income to an indefinite amount.

With the assistance of a Ford Foundation grant, SEASHA is in the process of adding some 200 farmers with 20 gilt, two boar units. With this volume the co-op will sell a minimum of 68,000 pigs annually.

The Federal credit unit: SEASHA secured a Federal charter to organize a 12-county Federal credit unit. Currently, this credit union has 1,242 members with assets over $57,000. It has been able to assist some 268 of these members with small loans at reasonable rates to help them in emergency situations. Previously such loans were not available to low-income residents of the area. Needless to say, applications for loans far exceed the available funds.

Community organization and assistance: In this area, a field staff of four community workers is responsible for basic community organization and for providing general assistance for poor people throughout the 12 SEASHA counties. Community workers are indigenous to one of the counties which they cover and are familiar with the life style and problems of poor people. They have received special training in community organization techniques and problems common to poor people. The field staff has been more successful in organizing poor people around problems and issues which affect them directly. Some are listed below:

(1) More than eight communities have been assisted in securing water systems. Prior to these systems community residents hauled water as far as 10 miles. While people in other sections of our country are complaining about water pollution, many of our people do not have water to pollute.

(2) Approximately 50 families have been assisted in retaining their land. Sometimes this assistance has consisted of simply recording deeds, some of which date back to the late 1920's or early 1930's. Such problems require legal aid which generally is not available to the rural poor. Although many people have left the land, there is still widespread interest in owning plots of land sufficient for family maintenance.

It is becoming increasingly difficult for the poor, and particularly the rural black poor, to acquire land at a time when landholders are interested in increasing their holdings and reaping the benefits, not a few of which are to be derived from governmental sources.

(3) Hundreds of poor people have been assisted in securing the services and benefits, as limited as they are, of existing community service agencies—welfare, aid to dependent children, aid to the blind, et cetera. Sometimes this assistance simply means going into an office with poor people who are afraid because of past experiences, or who do not want to face the usual embarrassments that come from not being able to read or write.

Problems of all sorts "pop up" daily. SEASHA is currently assisting a lady who borrowed money from the Farmers Home Administration (FHA) over 2½ years ago to build a house. This lady paid the monthly notes on her house for over 2 years, yet she was not able to move into it because it had not been completed. Then she refused to make additional payments and FHA began foreclosure procedures on both the house and 11 additional acres of land mortgaged along with the house. In far too many instances it seems that agencies and services supposedly available for people, in practice operate against the poor.

Nonfarm industrial development: Through the activities of a small economic development staff, SEASHA has assisted in locating approximately 165 jobs for low income minority residents. Basically this has meant beating a path to the doors of existing small businesses and encouraging them to employ minorities. Our staff has then recruited poor people for these jobs.

Approximately 80 minority businesses have been helped in a variety of ways ranging from assistance with the establishment of fiscal control systems to assistance in security SBA and other loans. SEASHA is currently attempting to locate several small industries in the area.

SEASHA has purchased 335 acres of land which will be used for industrial, commercial, housing, and recreational purposes. To assist with the whole critical area of housing, a prefab housing manufacturing company is under negotiation.

Several middle-income minority, profitmaking corporations have been formed with the assistance of the SEASHA staff. One such corporation consists of seven local persons who pooled their personal resources and bought a $500,000 rental housing complex which will provide satisfactory accommodations for transients and, at the same time, provide additional job opportunities for the poor.

These, in brief, are SEASHA's accomplishments. Now let us look at SEASHA's plans for the future.

Long range goals: The SEASHA plan is to use a small but well-trained development staff to propose a series of self-perpetuating projects. It will be the duty of this staff to locate funds for implementing these projects and to recruit a work force for the successful operation of all phases of these projects. Once such a project is operational, SEASHA plans to establish an independent corporation—a SEASHA spinoff.

Through this approach, SEASHA believes that it can establish, in a reasonably short period of time, a series of ventures which can support themselves and at the same time make a profit. The profit received from such ventures will be used to establish other profit-creating ventures, all of which will be operated, controlled, and owned by the people.

The success of our program depends upon the extent to which we can receive funds from the Government, foundations and church groups to help the people help themselves.

In order for the Government to do its part part in helping organizations such as SEASHA build rural America, it must make some changes. To that end we respectfully submit the following suggestions and recommendations:

We believe that the best approach to the problems of rural poverty is self-help through the cooperative approach. However, we do not believe that this or any approach will solve the many problems of poverty in our country overnight. Just as it took hundreds of years to create these problems, it will obviously require time, dedicated effort, coordinated innovative approaches, and sufficient long-term governmental funding to accomplish the desired objectives.

From our experiences we believe that if most of the time—and I refer here to time spent by Federal agencies, OEO and other Federal funding agencies—if most of the time, energy, personnel, and funds put into inspections and evaluations were spent in helping programs like ours develop, we would have at least a 50 percent better chance to accomplish our objectives.

We see the need for price regulation of farm supplies and commodities. On an operational level we believe that projects such as SEASHA would fare better if there were more blacks in decisionmaking posts at the Washington level to deal with us in our problems and proposals.

We also see the need for the Government and private agencies to pay greater heed to the potential and the needs of youth in our economic development plans. We are suggesting industrial development that specifically includes employment for high school and college age youth.

In conclusion, gentlemen, let me note that I do not presume that SEASHA's plan and SEASHA's recommendations provide all the answers. But I do assume that agencies such as ours and the government which you represent can, if we work together with dedication and determination, rescue the poor of this country and the future of America. But to do so we must proceed without delay.

Mr. Chairman, let me thank you for listening to me and for the opportunity to testify before this committee.

Senator HUMPHREY. Mr. Brown, we will also include in the testimony of the committee your entire statement. I know that you skipped reading, so to speak, and taking portions of it. The entire statement will be made a matter of record.

I was interested in your testimony that was presented to our committee wherein you noted that most of the funding, SEASHA's major source of funds in the past has been the OEO and the Economic Development Administration. You are getting some foundation funds which have been helpful to you?

Mr. BROWN. And small amounts of church funds.

Senator HUMPHREY. And small amounts of church funds. Then you went on to note that you get them only on an annual basis.

Mr. BROWN. This is right.

Senator HUMPHREY. And following through on your testimony, lack of multiyear funding makes it unusually difficult to secure a competent staff, especially in the area of management and financial control.

Have you found that this start and stop funding, this business of wondering whether you are going to have any money next year, whether you are going to have any technical assistance funding next year, is causing you considerable trouble?

Mr. BROWN. That is the trouble with most of them.

Senator HUMPHREY. Now, what we offered yesterday in a bill in the Congress is the continuity of financing. It has been my view that we waste millions of dollars in this country by the present system of financing our so-called Government programs. No one ever knows whether they are going to continue or whether you are going to have half as much next year or twice as much. I don't know how anybody can plan on anything, to be very frank about it.

(Applause.)

Senator HUMPHREY. Now, what we have tried to do in the bill that Senator Talmadge, Senator Allen and others, and I introduced yesterday, and we tried to put up what we might call a rural development bank.

Now, there are several proposals in Congress. We don't claim any unique sponsorship here. But the purpose behind that bank is to provide a source of funds on a long-term basis, at low rates of interest, even subsidized interest where it needs to be, and grant moneys besides, a mixture of grant and loan, so that you can plan ahead. I just think it is cruel—I have to just get it off my chest—cruel to start people up with the program, raise their hopes and their expectations, get a staff of people that hopefully have some competence and then, boom, there is half the money next year. I don't know how you ever get a staff to work at all under those circumstances outside of the fact that some people are just willing to sacrifice and give themselves, and frankly, frequently you get a poor staff because good people are just not going to mess around like that. If they have got any sense they ought not to.

There are just a few souls that will take it.

I want to thank you for that frank statement. My own view is, and I repeat it, I think the taxpayers of this country ought to get up in arms about this hit and miss appropriation business. That is why I believe that we ought to put our programs of economic development and programs such as yours on long-term financing, give you a chance to make it go, and, also, I might add, to take a little bit out of the political pressures so that you can go to a source where you are judged on the basis of merit of your proposal, not who you know, who you don't know, not on the basis of how the election came out.

I don't know any other way to get at it. I am adding to your testimony. I didn't ask you a question.

Senator Talmadge?

Senator TALMADGE. Thank you for your contribution, Mr. Brown.

Senator HUMPHREY. Senator Curtis?

Senator CURTIS. I just merely want to say that I concur in the premise that the best way to help people is to help them to help themselves. Of the people who have participated in your cooperatives, have some of them been able to leave the welfare rolls?

Mr. BROWN. Not at this point, sir. If you understand, we are 2 years old.

Senator CURTIS. Just 2 years?

Mr. BROWN. It took half of that to just get started. We haven't been able to really get to that particular point at this time but we feel reasonably sure that there will be those who will come off the welfare rolls. In the next 10 to 12 months we should see this happen.

Senator CURTIS. Do you find that the particpants take pride in their ownership of their property and that it gives them encouragement?

Mr. BROWN. I think you misunderstood me, sir. The only property owned cooperatively is the land that SEASHA is purchasing for future development.

Senator CURTIS. I see.

Mr. BROWN. But the land that the farmers themselves are on is either land that they own themselves or land that they are leasing from someone else.

Senator CURTIS. I see.

Mr. BROWN. In many cases they are leasing several acres from someone else and sometimes this is for as little as $1 a year. But it is their land and we make them a 100-percent loan to farm and it becomes their farm. It is theirs. They pay us back. We don't give them anything.

Senator CURTIS. I see.

Mr. BROWN. So the day that they begin, it becomes their property.

Senator CURTIS. How large are the farms?

Mr. **Brown**. Well, we require a farmer with a 10-sow, one-boar unit to have a minimum of 3 acres of land with a fresh supply of water. Most of them have that minimum 3 acres. Some have more.

Senator **Curtis**. And with what kind of power do they farm; horsepower?

Mr. **Brown**. Hand power. In hog production sir, you just——

Senator **Curtis**. I see.

Mr. **Brown**. Hog production, especially feeder-pig production, is conducive to small acreages of land. This is one of the reasons we went into it and basically the farmer is planting, say, 3 to 4 acres of pasture which he can get someone to plow with a mule or tractor—you see, we have got people who don't have anything. Some of them can't even read or write or they couldn't when we started with them.

Senator **Curtis**. And you do that without having to buy grain?

Mr. **Brown**. Of course.

Senator **Curtis**. At what weights do you sell?

Mr. **Brown**. We sell at from 35 to 40 pounds. We try to get them out as close to 40 pounds as possible.

Senator **Curtis**. You sell to someone who feeds them out?

Mr. **Brown**. We sell to someone who feeds them out.

Senator **Curtis**. Do you find that activity quite a morale builder for these people?

Mr. **Brown**. Yes, sir. You can say over the last 2 years we think at least those people we have worked with directly, we have seen a tremendous change in their attitude and their homes. I might just point out in our process of teaching them how to grow hogs professionally, we teach them how to keep their own records which automatically teaches many to read and write.

Senator **Curtis**. In that connection, does Alabama have a compulsory attendance law?

Mr. **Brown**. Yes, sir; it has.

Senator **Curtis**. Is it enforced?

Mr. **Brown**. No, sir.

Senator **Curtis**. How long have they had it?

Mr. **Brown**. Sir, I am not sure as to how long but I taught for 15½ years and they had it when I started in 1950.

Senator **Curtis**. To what age does it apply? If it were enforced, for how long a period would somebody have to go to school?

Mr. **Brown**. Well, it is my understanding that the compulsory school attendance law applies to students under 16 years of age, or up to 16 years of age.

Senator **Curtis**. From 6 or 7 to 16?

Mr. **Brown**. From 6 to 16. I might be wrong on that but I think that is the right answer. They are required to begin at 6. They are required to stay in school through 16.

Senator **Curtis**. About what are the ages of these people that you say can't read and write?

Mr. **Brown**. Well, the heads of households are what we have reference to in particular. These are people 35, 40, 50, some as old as 60 years of age. Just the heads of household of the farm families with which we work.

Senator **Curtis**. But you are speaking of some who are as young as 30 years?

Mr. Brown. Oh, yes.

Senator Curtis. Who cannot read and write?

Mr. Brown. Yes.

Senator Curtis. Have they had any schooling?

Mr. Brown. Very little, sir; very little.

Senator Curtis. That is all.

Senator Humphrey. Senator Allen?

Senator Allen. No questions.

Senator Humphrey. Just a very quick question to you again, Mr. Brown.

To what extent does your State government participate, if any, in the efforts of your co-operative?

Mr. Brown. Well, so far, sir, we have not gotten too much participation from the State government.

Senator Humphrey. Getting manpower, any funds?

Mr. Brown. Not by the State.

Senator Humphrey. Any facilities?

Mr. Brown. No.

Senator Humphrey. Where do you get your funds, then, strictly, from OEO and the EDA and the foundations and churches?

Mr. Brown. Yes, sir.

Senator Humphrey. What is the total amount of funding that you have had on an annual basis?

Mr. Brown. Well, we have had an average of a little—pretty close to $¼ million a year.

Senator Humphrey. $250,000?

Mr. Brown. $250,000. At the time we started our first grant from OEO was $479,000 and they have consistently cut it since then.

Senator Talmadge. Will you yield for a question, Mr. Chairman? And how many people participate in the cooperative?

Mr. Brown. Well, altogether there are about 400 people to date participating.

Senator Curtis. Families or people?

Mr. Brown. This means families, sir. This means families.

Senator Curtis. Four hundred adult participants?

Mr. Brown. Right. In one way or another in our programs, either participants in the co-op or people we have assisted with community water services and that sort of thing.

Senator Humphrey. Do you receive any assistance from the Department of Agriculture? The U.S. Department of Agriculture?

Mr. Brown. Our grant is pending with the Department of Labor, MDTA.

Senator Humphrey. Do you receive any help from the Extension Service of the U.S. Department of Agriculture?

Mr. Brown. No financial help. We have received considerable technical assistance.

Senator Humphrey. Do you work closely with them?

Mr. Brown. Yes, sir.

Senator Humphrey. Do you find them helpful?

Mr. Brown. Yes, sir.

Senator Humphrey. Any assistance from the university?

Mr. Brown. From Tuskegee Institute, a considerable amount. In fact, if it weren't for Tuskegee Institute we probably wouldn't be in existence. We grew out of Tuskegee Institute.

Senator **Humphrey**. Finally, what do you think the prospects are for your program if you get funding?

Mr. **Brown**. If we get funding, I think this is the solution. I won't say the only solution but this is the best solution I have heard of in that it involves people directly. I believe in it, otherwise I wouldn't do it. I know of one other cooperative, the Southwest Alabama Farmers Co-op, which is a vegetable production co-op, that serves the southwestern counties of the State, and I get the same feeling from them; and I might point out, too, that I don't think so far, at least, that the real help or the greatest amount of help has been in the area of financial or economic improvement, but I think the greatest asset of these kinds of programs result from the attitudinal changes of people themselves; the hope that these programs creates within them. They also provide for people the opportunity to do something on their own. We think that this is where the biggest amount of help is realized.

Senator **Humphrey**. Thank you, Mr. Brown. If it means anything, I want to personally thank you as a fellow citizen for what you are doing.

Mr. **Brown**. Thank you.

(Applause.)

Mr. **Brown**. Mr. Chairman, and members of the subcommittee, I would like, first, to express my personal appreciation for the manner in which your committee is conducting its investigation. I refer specifically to the opportunity which you are providing for those of us who are working at the grassroots level with some of the poorest and most disadvantaged of our Nation's citizens—America's poor rural people—to share some of our experiences with you.

I was born of poor parents in the Black Belt of Noxchubee County, Miss., was educated at Tuskegee Institute—an institution which has a history of involvement with the problems of poor black people in the Deep South—and have spent the 21 years of my adult life working in one way or another attempting to make the lives of poor people, with whom I have worked, better. During this time, I have seen some of the most critical conditions of poverty that could possibly exist anywhere in the world. I have seen many families with as many as 15 members headed by women—some of whom have absolutely no legitimate income whatsoever. I have seen—and it's happening at this very minute—thousands of poor families forced off the land because they attempted to vote, or because of farm mechanization with nowhere to go except to the slums of our larger cities. Thousands of people do not report to employment offices seeking work—simply having given up in despair. Some do not even know that there is an employment office available to them, and, for many, there is no such office. Because of treatment received at public service offices—Department of Pension and Securities, Farmers Home Administration, ASCS, et cetera—many do not report to these offices seeking assistance unless someone whom they trust will accompany them.

Many of our people have never had a medical examination of any sort—not even dental or eye examinations. I have seen people with teeth that have rotted out completely after using crumbled up aspirin tablets to abate the pain until there were no more teeth to ache. I have seen houses so dilapidated that the family has moved out of one room that had actually caved in, and then moved out of the shack, called a house, when it was obvious that the structure was on the verge of collapsing.

I could talk for the next several days describing the shocking conditions of poverty with which I have lived and worked for a lifetime, but I'll not go on with such descriptions. I simply want to state that it was out of the background of such experiences that the South East Alabama Self-Help Association, Inc. (SEASHA) was organized.

SEASHA, a rural economic development cooperative was organized in May, 1967. It was an outgrowth of the Tuskegee Institute Community Education Program (TICEP)—a tutorial project funded by OEO and HEW, and operated by Tuskegee Institute during the summer of 1965 and from February 1966 through September of 1968. We cover the 12 southeast Alabama counties of Barbour, Bullock, Coosa, Crenshaw, Elmore, Lee, Lowndes, Macon, Montgomery, Pike, Russell, and Tallapoosa. Several of these counties rank among the Nation's poorest counties.

SEASHA is governed by a 36-member board of directors—three from each county—with major responsibilities delegated to a 12-member executive committee—one from each county.

SEASHA covers an area of approximately 8,000 square miles with more than 462,000 people including over 106,300 families. More than half of these families earn less than $3,000 per year.

OBJECTIVES

SEASHA was organized to operate programs and to assist other public and private agencies in operating programs designed to increase the income and make life better for low-income residents of the target area.

To accomplish these objectives, SEASHA has used a small, well-trained, development staff to propose a series of self-perpetuating projects, locate funds for implementation, recruit and train staff personnel for successful operation. It was intended that once a self-perpetuating project was carefully planned, an independent corporation (a SEASHA spinoff) would be formulated. Once the new corporation is completely formulated, it will become an independent profitmaking entity and another similar project will be established by the development staff—beneficial not to SEASHA, but to the people of the community who have been guided in its formation and support it.

Through this approach, SEASHA believes that it can establish in a relatively short period of time a series of ventures, which ventures can support themselves.

In deciding upon initial programs, first priority was given to programs which could prove successful over a short period of time; which could increase the income of low-income rural people; and which could be operated at the complete comprehension level of these people. Second priority was given to the long-range development of housing, industrial, and commercial components.

With this in mind, SEASHA selected as beginning projects:

1. A 12-county feeder-pig project.
2. A 12-county Federal credit union.
3. A community support staff.
4. A nonfarm industrial development component.

In feeder-pig production, a farmer can sell his first litter of pigs within 9 months from the day the brood stock is placed on the farm. The credit union began making loans 5 months after receiving its charter, while the community support staff began assisting poor people with a variety of personal and community problems immediately after SEASHA was funded by OEO.

The objectives of the nonfarm industrial development component are (1) to assist in establishing SEASHA guided industries housing and commercial enterprises; (2) to assist in establishing privately owned minority business enterprises; (3) to assist in stabilizing existing minority businesses by providing technical assistance in all phases of business operations, and to assist in locating jobs for low-income residents of the target area. I will now summarize the progress which SEASHA has made in these areas.

A. The feeder-pig co-op

Initially, direct loans were made to 24 farm families to set up feeder-pig projects, each of which consisted of a 10 gilt–1 boar unit. Before SEASHA, these farmers had an average income of $2,294 with an average family size of 6.16 members. During the first 14 months of operation, these farmers sold 3,609 pigs for a gross income of over $75,000. From these sales the family income was increased 22 percent. Eight additional farmers were added from loan repayments plus interest received from the initial 24 farmers.

Once a farmer becomes proficient in swine production, he can increase his sow herd to as many as 40 to 50 brood sows by growing out several female pigs from each litter. This way, he can increase his income to an indefinite amount.

The 10-sow one boar units mentioned earlier are being used to provide on-the-job training in professional swine production for low-income farmers.

With the assistance of a Ford Foundation grant, SEASHA is in the process of adding some 200 farmers with 20 gilt–2 boar units. With this volume, the co-op will sell a minimum of 68,000 pigs annually.

B. The Federal credit union

SEASHA secured a Federal charter to organize a 12-county credit union. Currently, the Federal credit union has 1,242 members with assets over $57,000. It has been able to assist some 268 of these members with small loans at reasonable rates to help them in emergency situations. Applications far exceed the available funds for loans.

C. Community organization and assistance

In this area, a field staff of four community workers is responsible for basic community organization and for providing general assistance for poor people throughout 12 SEASHA counties. Community workers are indigenous to one of the counties which they cover and are familiar with the life style and problems of poor people. They have received special training in community organization techniques and problems common to poor people. The field staff has been more successful in organizing poor people around problems and issues which affect them directly.

1. More than eight communities have been assisted in securing water systems. Prior to these systems, community residents hauled

water as far as 10 miles. While people in other sections of our country are complaining about water pollution, many of our people don't have water to pollute.

2. Approximately 50 families have been assisted in retaining their land. Sometimes this assistance has consisted of simply recording deeds—some of which date back to the late 1920's or early 1930's. Such problems require legal aid which generally is not available to the rural poor. Although many people have left the land, there is still widespread interest in owning plots of land sufficient for family maintenance. It is becoming increasingly difficult for the poor and particularly the rural black poor to acquire land at a time when landholders are interested in increasing their holdings and reaping the benefits—not a few of which are to be derived from governmental sources.

3. Hundreds of poor people have been assisted in securing the services and benefits, as limited as they are, of existing community service agencies—welfare, aid to dependent children, aid to the blind, et cetera. Sometimes this service simply means going into an office with poor people who are afraid because of past experiences or who do not want to face the usual embarrassments that come from not being able to read or write.

Problems of all sorts "pop up" daily. SEASHA is currently assisting a lady who borrowed money from the Farmer's Home Administration (FHA) over 2½ years ago to build a house. This lady paid the monthly notes on her house for over 2 years, yet she was not able to move into it because it had not been completed. Then she refused to make additional payments and FHA began foreclosure procedures on both the house and 11 additional acres of land mortgaged along with the house. In far too many instances, it seems that agencies and services supposedly available for people, in practice, operate against the poor.

D. Nonfarm Industrial Development

Through the activities of the EDA staff, SEASHA has assisted in locating approximately 165 jobs for low income minority residents. Basically this has meant beating a path to the doors of existing small businesses and encouraging them to employ minorities. They have also recruited poor people for these jobs.

Approximately 81 minority businesses have been assisted in a variety of ways ranging from assistance with the establishment of fiscal control systems to assistance in securing SBA and other loans. SEASHA is currently attempting to locate several industries in the area which is a formidable task considering industries' expectation and inducements.

SEASHA has purchased 335 acres of land which will be used for industrial, commercial, housing, and recreational purposes. To assist with the whole critical area of housing, a prefab housing manufacturing company is under negotiation.

Several middle-income minority, profitmaking corporations have been formed with the assistance of the SEASHA staff. One such corporation consists of seven local persons who pooled their personal resources and bought a one-half million dollar rental housing complex which will provide satisfactory accommodations for transients and, at the same time, provide additional job opportunities for the poor.

Impact of the SEASHA program on community residents and organizations

The total impact of SEASHA on the community is not calculable because one cannot place a value on greater aspirations and life expectancy. However, there are some changes which are noticeable, namely:

A. Many community residents are beginning to recognize that they can act for themselves and are beginning to do so. Several communities have formulated their own groups for community improvement. Some have bought land and are developing community centers and similar projects.

B. Some people in the area are showing an interest in developing their own businesses.

C. Regular service agencies are providing improved and more courteous services to the poor in our target area. SBA and FHA are beginning to make loans to poor people where such loans have not been available in the past.

D. Minorities are becoming better informed generally. Other large numbers are refusing to pay high interest rates on private loans, and are seeking sources for loans. People seem to be gradually (though still far too slowly) realizing that America should exist for rather than against them.

Discussion of long range goals

The SEASHA plan is to use a small, but well-trained, development staff to propose a series of self-perpetuating projects. It will be the duty of this staff to locate funds for implementing these projects and to recruit a staff for the successful operation of all phases of these projects. Once such a project is operational, SEASHA plans to establish an independent corporation (a SEASHA spinoff).

Through this approach, SEASHA believes that it can establish in a reasonable short period of time, a series of ventures, which can support themselves and, at the same time, make a profit. The profit received from such ventures will be used to establish other profit creating ventures all of which will be operated, controlled, and owned by the people.

The success of our program depends upon the extent to which we can receive funds from the Government, foundations, and church groups to help the people help themselves.

Major problem areas

SEASHA's major sources of fund in the past have been the OEO, and the Economic Development Administration of the U.S. Department of Commerce (with the major source of staff funds coming from OEO). Recently, funds were received from the Ford Foundation to add up to 200 farmers to the feeder pig co-op. Both OEO and EDA funds were provided in the form of 1-year grants.

The problems attendant upon 1-year funding have been further compounded specifically by OEO in that they have never assured us of refunding and have never refunded on schedule. As much as 5 months have elapsed between funding periods. Such practices always result in the loss of competent staff and in a considerable waste of time.

SEASHA and other rural black cooperatives in the Deep South do not have Senators and Congressmen at the Washington level to provide support when needed. Only one Senator has provided assistance to SEASHA. Generally, the best we can hope for is that we are not objected to by our political representatives.

The lack of multiyear funding also makes it unusually difficult to secure a competent staff especially in the area of management and financial control. This, coupled with poor educational, recreational, and other limited facilities and services common to rural areas make it extremely difficult to secure a competent staff in our area.

There are other factors which compound the problems we encounter:

A. Lack of legal services for the poor, especially the poor blacks.

B. OEO has required too frequent inspections, too much monitoring, evaluating, auditing, etc., and too little (almost no) technical assistance from OEO—before receiving official notification of the first year's grant, SEASHA had been monitored twice.

C. Almost all inspections have been performed by northern whites who are almost completely insensitive to the problems of our area. This has posed the most serious of all problems. On several occasions, as we expressed dissatisfaction with these practices, we have had reason to believe that at the Washington level, there has been retaliation by recommended decreases, and, in one instance, a complete cutoff of SEASHA funds.

Suggestions and recommendations

We believe that one of the best approaches to the problems of rural poverty is self-help through the cooperative approach. However, we do not beblieve that this or any approach will solvve the many problems of poverty in our country overnight. Just as it took hundreds of years to create these problems, it will obviously require time, dedicated effort, coordinated innovative approaches, and sufficient long-term funding to accomplish the desired objectives.

From our experiences, we believe that if most of the time, energy, personnel, and funds put into inspections and evaluations were put into program development, we would have at least a 50 percent better chance to accomplish our objectives.

We see the need for price regulations of farm supplies and commodities on an operational level; we believe that projects such as Seasha would fare better if there were more blacks in decisionmaking posts at the working level to deal with us in our problems and proposals.

There are overall economic considerations and developments which will, of course, affect the outcome of our endeavors.

Senator HUMPHREY. Dr. Hill, and I believe Dr. Meador, from the University of Alabama. Are you related to Mr. Hill?

Dr. HILL. No, sir; I am not.

Senator HUMPHREY. Well, he is a good man, and I want you to know that when I saw health affairs down there, Senator Allen was talking to me about more health programs that they want down here in Alabama, and it seems to me you folks in Alabama have done mighty well by taking care of people's health. We are indebted to you.

Dr. HILL. Thank you.

Senator HUMPHREY. I want to say a word for a dear, loved friend of mine that served in the Senate. When I first came to the Senate, the man who was the nicest to me in the U.S. Senate was the Senator from Alabama, Mr. Hill. [Applause.]

STATEMENT OF DR. S. RICHARDSON HILL, JR., VICE PRESIDENT FOR HEALTH AFFAIRS AND DIRECTOR, MEDICAL CENTER, UNIVERSITY OF ALABAMA, BIRMINGHAM, ALA.

Dr. HILL. Mr. Chairman, members of the subcommittee, I am very grateful indeed for this opportunity to testify before you this afternoon on the subject of health care for rural America. I will briefly summarize my more complete introductory statement which has already been submitted to the committee.

Mr. Chairman and——

Senator HUMPHREY. We will have it printed in its full text.

Dr. HILL. I am accompanied by Dr. Meador, the dean of the University of Alabama School of Medicine in Birmingham, and he will make the major presentation on this subject.

In order to furnish you and the subcommittee members with background information, I thought it was appropriate for me to describe briefly my institution and its unique role in the State of Alabama.

We represent one of the three autonomous university campuses of the University of Alabama system; namely, the University of Alabama in Birmingham; and this consists of a medical center, a 4-year college of general studies, and a graduate school. There are approximately 9,000 students enrolled in the university, 2,000 of whom are in various health-related fields.

The medical center itself consists of the University of Alabama hospitals and clinics and five health professional schools, the School of Medicine, the School of Dentistry, the School of Nursing, the School of Optometry, and the School of Community and Allied Health Resources.

All of us in the University of Alabama in Birmingham are acutely aware of our responsibilities, particularly to help solve the severe health care delivery problems which exist in this State as well as the rest of the Nation, particularly in rural areas of this Nation. We have developed what we believe to be outstanding educational, research, and health service delivery programs; and we hope to make a major impact on improving health care delivery by a massive expansion of enrollment in all of these schools, as well as by various innovative programs which are being implemented by our School of Community and Allied Health Resources.

You mention, Mr. Chairman, mobile health units. Our School of Denistry does have mobile health units. They go throughout the State in rural areas and in institutions of the State to provide oral health care to people of this State.

You also mentioned comprehensive health care programs, and our institution has worked very diligently with a number of these in our State, one in Montgomery, and one in a rural county; namely, Lawrence County. Dr. Meador will describe this in more detail. We have worked with various people in Jefferson County, on comprehensive health care programs particularly for children and youth.

The new School of Community and Allied Health Resources has initiated a system of education in the allied health professions, which relates the training programs to specific community health needs, and which involves cooperative arrangements between all of Alabama's junior colleges and technical institutes. We are expanding and coordinating with traditional programs, and we are developing new programs in three major health-related areas: Community, public, and environmental health is one; health services administration is two; and all of the allied health professions as No. 3.

We are attempting in our medical center to define more accurately health care delivery problems as they actually exist in rural areas and in various communities of our State, and to then train health personnel in such a manner that they contribute to a specific solution to these problems.

Two examples of new categories of the people being trained are the surgeon's assistant and the physician's assistant, such as the MEDEX; and in various stages of implementation are programs for pediatricians' assistants, pathology assistants, family counseling assistants, and many other new type of health care workers.

The Regional Technical Institute for Health Professions has effected this cooperative plan whereby the State Department of Education and all of the junior colleges of this State, have agreed that students at the junior colleges can major in a wide variety of allied health fields, taking their general courses at the junior colleges, and their technical training if necessary at the Regional Technical Institute; then returning to their local area for completion of their associate and science degrees.

By planning these programs within the university, course credit is assured for these students and therefore vertical and lateral mobility in the students' health careers is also assured.

Such a program we hope also will disperse a number of potential health workers throughout the State, where our junior colleges and technical institutes are located, particularly in our rural areas.

We believe that the potential for having qualified allied health workers in rural areas will encourage more physicians and more dentists to locate there where they are so desperately needed. We are also conducting health service delivery research through our Bureau of Research and Community Services and this provides assistance to various health agencies and planners throughout the State. This bureau, together with the Council for Community Health Services, attempts to define problems and proposed solutions aimed at improving health care delivery. The council is a joint activity of the University of Alabama in Birmingham, the Alabama Regional Medical program, and the State and area comprehensive health planning groups.

We are also undertaking extensive research into the economics of health care delivery in an attempt to reduce significantly the rapidly rising cost of health care in this State and Nation.

To conclude these introductory remarks, Mr. Chairman, I can only say that we sincerely hope that some of these programs that we are undertaking will lead to better health care for our people and I would like to introduce now Dr. Meador, the dean of the School of Medicine, who is going to elaborate further on these programs.

Senator HUMPHREY. Thank you very much.

Dr. HILL. Mr. Chairman and members of the subcommittee: I am pleased to have this opportunity to testify before the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry on the subject of health care for rural America. On behalf of the University of Alabama in Birmingham, I, too, would like to welcome you to Alabama.

For the record, I am Dr. S. Richardson Hill, Jr., vice president for health affairs and director of the Medical Center of the University of Alabama in Birmingham. I am accompanied by Dr. Clifton K. Meador, dean of the University of Alabama School of Medicine in Birmingham, who will make the major presentation on this important subject.

In order to furnish background information for the subcommittee, I believe it is appropriate for me to describe briefly my institution and its unique role in the State of Alabama. The University of Alabama in Birmingham (UAB), one of three complete, autonomous university campuses of the University of Alabama system, is one of the Nation's yougest urban universities consisting of a well-known medical center, a 4-year college of general studies and a graduate school. The 15-square-block campus is located six blocks from the heart of downtown Birmingham, and through urban renewal, the campus is being expanded to a 60-square-block area.

The medical center which is at present the only board-based university medical center in the State of Alabama was established in 1945 when the school of medicine was moved from the Tuscaloosa campus to the Birmingham campus. The University of Alabama in Birmingham has more than 9,000 students, 2,000 of whom are in training in various health-related fields. The medical center consists of the University of Alabama hospitals and clinics and five health professional schools: the school of medicine, the school of dentistry, the school of nursing, the school of optometry, and the school of community and allied health resources.

All of us in the medical center are aware that Alabama, as the rest of the Nation, is faced with a severe health care delivery problem, particularly in the rural areas. We, at the UAB Medical Center are also acutely aware of our own responsibility to help solve this problem. We have developed what we believe to be outstanding medical, dental, nursing, and optometry schools, all with excellent educational, research, and health service delivery programs. We hope to make a major impact on improving health care delivery by a massive expansion of all of these health educational schools and by the development of the school of community and allied health resources. All of our schools have developed a wide variety of health-related programs for the general population, as well as for rural, institutional, and central city groups.

The school of dentistry, for example, has developed mobile units to serve the general health needs of our mental institutions and the school for the deaf and blind. The school of optometry is also heavily involved in serving the school for the deaf and blind. The school of medicine has worked closely with OEO health service groups and the students of the school of medicine have founded and operated a clinic, with help from the faculty, to serve the needs of the sick-poor of one urban ghetto area. Other important health programs will be described by Dr. Meador.

The school of community and allied health resources is in the process of implementing a new and unique group of health-related programs for our State. This school has initiated a system of education in allied health professions which relates training programs in the health field to community health needs, and involves cooperative efforts with all of Alabama's junior colleges, as well as with the other health professional schools of the University of Alabama in Birmingham.

This school enables us to place greater emphasis on the "health team" concept and provides for coordination and expansion of traditional programs and for the development of new programs in three major health-related areas: (1) community, public, and environmental health; (2) health services administration; and (3) allied health professions.

Following reassessment of health care delivery as it is practiced in Alabama and throughout the Nation, we discovered as have many others, that there is no real system for getting health services to all of our people. We also found that training greatly increased numbers of allied health workers and health professionals is only part of the solution to our health care delivery problems. What is needed, and what we hope our medical center provides, is a means to define more accurately, health care delivery problems as they actually exist, and to then train health presonnel in such a manner that they contribute to a solution to these problems. To do this, we coordinate closely our training programs, redirect them when and where necessary, and most importantly, we create entirely new categories of personnel as health manpower studies indicate the need.

Two examples of these are the surgeon's assistant and physician's assistant programs. Working closely with the Medical Association of the State of Alabama, the American Medical Association, and the Veterans' Administration and other Federal agencies, we have had underway a surgeon's assistant program for a number of years, and have recently introduced a physician's assistant program. In various stages of implementation are programs for nurse-midwives, pediatrician's assistants, pathology assistants, family counseling assistants, and many other new types of health workers.

The Regional Technical Institute for Health Professions (RTI) of the School of Community and Allied Health Resources serves as the core training facility for most of our health programs at the less-than-baccaulaureate level. This facility was constructed with funds from the Appalachia Commission and the State of Alabama. Of particular significance is the interaction which takes place between the Regional Technical Institute and all of Alabama's junior colleges, an interaction which is being supported by the Kellogg Foundation. The presidents of the junior colleges and the State department of education have agreed with the University of Alabama on a cooperative plan whereby students at the junior colleges can major in various health fields, taking their general courses at the junior colleges they attend and their technical training at the Regional Technical Institute. By planning these programs within the university, both vertical and lateral mobility in student's health careers is assured.

Such a program not only greatly increases our State's capacity to train health technical personnel, but also disperses a number of potential health workers throughout the State even into the more rural areas, all specifically trained for duties designed to meet the need of the area to be served. We believe that the potential for having qualified allied health workers in these rural areas will encourage more physicians and dentists to locate there where they are so desperately needed.

Continuing education for all types of health workers is offered by all of our health professional schools. Extensive health service delivery research is being conducted through the bureau of research and community services. This bureau provides advice and assistance to health agencies and planners in regard to the delivery of health care and, together with the council for community health services, conducts research studies necessary to define problems and propose solutions aimed at improving health care delivery within our State. The council for community health services is a joint organization of the University of Alabama in Birmingham, the Alabama Regional Medical Program—the University of Alabama in Birmingham serving as the grantee institution—and the State and area comprehensive health planning groups. The council is designed to bring all of the resources of the University of Alabama in Birmingham to bear on the State's health care problems. The bureau also undertakes extensive research into the economics of health care delivery in an attempt to reduce significantly the rapidly rising costs of health care in our State and Nation.

To conclude my introductory remarks, I can only say that we sincerely hope that some of these new programs will lead to better health care for all of our people, especially those in the rural areas.

And now, Mr. Chairman, I would like to introduce Dr. Clifton K. Meador, the dean of the University of Alabama School of Medicine in Birmingham, who will elaborate further on our views on health care for rural America together with suggestions for improving some of the health programs in order that rural residents may be better able to avail themselves of all types of health care services.

Senator HUMPHREY. Dr. Meador?

STATEMENT OF DR. CLIFTON K. MEADOR, DEAN, SCHOOL OF MEDICINE, UNIVERSITY OF ALABAMA, BIRMINGHAM, ALA.

Dr. MEADOR. Thank you, Dr. Hill.

Mr. Chairman, members of the committee, I would like to also thank you for this opportunity to testify on the subject of health care for rural America.

I have a written presentation here for the record.

Senator HUMPHREY. It will be accepted and we will have it printed in full in the record as if read.

Dr. MEADOR. I would like to modify this somewhat in my verbal presentation and point out in the appendix two general categories, as follows:

First, a set of documents and surveys of the State of Alabama illustrating the physician to population ratios, the allied health professional manpower pools, and a map showing the hospitals in Alabama with a 15 mile radii all around them, indicating our general hospitals are well distributed in this State but that manpower is not.

Finally, I call your attention to the reprint of an article written by a member of our faculty called The Rural-to-Urban Malnutrition Gradient, which presents a fascinating thesis that rural malnutrition generates urban migration. It was rather surprising to me to find there is more malnutrition in the poor rural areas than in the urban ghettoes and slums.

Senator **Humphrey**. I might add quickly this is something that is not known by the public, that our most serious poverty problems, while they are very bad in the cities, are to be found in rural areas, whether it is the hunger problem, health problem, economic problem——

Dr. **Meador**. That is right.

Senator **Humphrey**. —— education problem. All of this we are directing our attention very considerably to.

Dr. **Meador**. And finally a brief but I hope useful bibliography of source material for your committee's use.

So I won't dwell on the documentation of the problems. I submit this as an appendix.

I would like, however, to describe three programs now in progress in the State.

Senator **Humphrey**. And would you give us your evaluation of their effectiveness and their scope of coverage?

Dr. **Meador**. I would like to spend a little time on each of the three programs covered in the body of this presentation.

Senator **Humphrey**. Go ahead.

Dr. **Meador**. Since professional loneliness and long, hard working hours are reasons given by physicians for not locating in small communities, we are focusing considerable efforts on correcting these negative aspects of rural practice, that is, first on combating professional loneliness, second, on developing new programs to reduce the workload of rural physicians, and, third, on devising new ways of practice that we hope will make the life of the smalltown practitioners more rewarding professionally and therefore more rewarding socially for him and his family.

The first of these programs aimed at combating professional loneliness is a medical information system by telephone which we call MIST.

Two years ago the school of medicine (UAB) developed an information system for the physicians of Alabama. This system permits any physician in the State to call day or night, toll-free, a panel of specialists at the medical center. These specialists, who are members of our factulty, carry electronic signaling devices and can be located within minutes of an incoming call. The physician in practice thus has immediately available to him someone for consultation or if needed, someone who can relay, through our library, the latest article on the subject in question.

By recording these calls, we can accumulate lists of problems for incorporation into more formalized continuing education courses or for incorporation into our medical school curriculum. This minute-to-minute, day-by-day system provides continuing education of the best kind; it focuses only on the problem at hand, on the information that the physician needs and at the moment he needs it.

We have been in operation 2 years and we have received and responded to 14,000 calls, an average of 580 calls per month. We have received calls from all but one county in the State; that county has no physician. Over one-third of all the physicians in this State use the system on a continuing basis.

Through this telephone system we have developed an informal arrangement with the helicopter base at Fort Rucker and thus have been able to follow up telephone calls with flights of rare medicine to remote areas, transportation of acutely burned or injured patients to the medical center or movement of specialized equipment, such as respiratory units, to small communities.

Many times, with proper information, the small-town physician is able to care for the patient in his hometown rather than refer the patient. For example, we use the system heavily for week-by-week dosage adjustment of the newer, more toxic cancer drugs without the patient ever leaving his hometown.

Surveys of users of the system have revealed such statements as, "It's like having a partner in practice," or, "I usually know what to do, but I need the psychological assurance of someone in that specialty," or, "We have no specialists in our community and this system gives me the kind of backup I need."

The school of medicine believes that this information system combats some of the professional isolation of the small-town physician and thus will be a factor encouraging future physicians to move into these communities.

Finally, it provides for rapid dissemination of the latest knowledge and, therefore, should make the very best medical care available to all of our citizens wherever they may live.

The second program, one aimed at reducing the workload of the rural physician, is the MEDEX training program. I think you are all familiar with the great variety of new kinds of assistants to physicians that have been developed. We have had a surgeon's assistants program for several years in the department of surgery. More recently we have added through the division of family medicine of the school a MEDEX training program for retraining of the returning military corpsmen for civilian medicine.

Copied after the program in the State of Washington, these experienced corpsmen are matched with a physician already in practice prior to the training phase. Over a period of almost 1 year, the MEDEX alternately spends 1 month at the medical center and 1 month with the physician in practice and thus he is taught those skills which are desired and needed by the physician and his patients. Currently we have 23 MEDEX trainees matched with physicians in rural practice throughout five States of the South. All will complete their training this August and, hopefully, all will remain in practice with their physician.

These assistants will do many things traditionally done only by physicians, thus freeing the physician to do those things that only he is competent to do. The MEDEX will be able to gather data, order initial laboratory or X-ray tests, suture simple lacerations, dress wounds, remove casts and so forth. The physician is still the individual responsible for the care of the patient and thus makes the therapeutic decisions and performs those procedures that only he is trained to do.

Patient acceptance has been remarkably good and the program already has made an impact on the lives of the physicians who serve as preceptors. I would say even if this program has no impact on increasing the amount of service delivered, it will be successful in our eyes because of changes in the way of life for the rural practitioners. Interviews with these physicians already indicate a change in their mode of living. They are more relaxed, have more time for their family, do things that are more professionally rewarding and in general feel that they are giving better care to their patients than they were prior to having an assistant.

The third program we have participated in is devising a new [illegible] of practicing medicine—the Lawrence County project.

For several years the medical center has been searching for a way in which we could make the greatest impact on the problems of rural health care. Obviously we could not enter directly into delivering health care in all of the areas of need in the State, nor could we dilute our primary mission of training physicians and other health professionals with excessive commitments to patient care in areas remote from the university. Our thoughts centered on somehow developing a model of rural health care that might be reproduced elsewhere in the State or Nation.

When approached 2 years ago by virtually all of the physicians of Lawrence County for help, we moved to join with them, the Appalachian Tri-County Commission—one of the 202 demonstrations areas—the hospitals of Lawrence County and many of its citizens to develop a new system of health care.

This system grew out of local concern and local commitment. Its constraint from the outset was that it be eventually self-sustaining and that it be a system which could be reproduced in other rural areas; in other words, a system not dependent on outside funds for its existence.

While it is true that Appalachian funds have been used, they have not been used to bring in a large number of nonlocal health workers who, when outside support stops, would leave. Appalachian funding has been directed at planning with the local physicians and citizens at providing for educational costs for local people to be trained locally or at the University of Alabama in Birmingham Medical Center, and at evaluating the effectiveness of the new system. It is planned that personnel and other costs will be carried by local funds once the system is operational.

In general, the project has four goals: (1) improvement of the health status of the people of Lawrence County; (2) improvement of their socioeconomic status; (3) development of a system that will demonstrate that the first two goals are being achieved and that the goals are economically sound; and (4) conversion of the project into a permanent self-supporting system of health care that can serve as a model to other areas of Alabama and the Nation with comparable problems.

So we believe by changing the system, by providing information, proper assistants, the life of the small-town physician can be more rewarding, more attractive, in all aspects.

I will say, however, that for these programs to be effective, these changes in professional life must be accompanied by improvements in the socioeconomic status of the whole community. This is a goal wisely chosen by the Lawrence County project and obviously a topic of major concern to this subcommittee.

Health should not be viewed in any narrow sense. While we have appropriately focused our efforts to date on physicians, information systems, and new kinds of health workers, we are fully aware that good health is related to the totality of a community's cultural, economic, and educational status.

In this area of health that extends beyond medicine's traditional role, I would like to encourage a change already proposed for the Extension Service of the U.S. Department of Agriculture. We would all agree that prevention of disease is more desirable, less costly, and more effective than the treatment of an established disease. Effective prevention of disease depends upon properly informed and educated people. Ideally, this education should come from all sources; however, the Extension Service of the Department of Agriculture has a unique opportunity. With the network of county agents and home demonstration agents throughout the country, the Extension Service, with proper modification, could become a network for dissemination of health information. I know there is already interest in this sort of change and I would encourage support of it.

By supporting linkages between medical centers and the Extension Service in each State, meaningful information could be spread constantly to the people of rural America, not just preventive measures but even simple self-treatment and health maintenance information.

The school of medicine has already prepared a tentative proposal indicating how such a linkage between our medical center and the Extension Service in this State could be effected. We intend to initiate discussions with representatives from Auburn as to how we should proceed.

Self-reliance has been a traditional characteristic of rural America. The Extension Service, with proper input from the health professions, should build on this strength of the people and provide sufficient knowledge about individual health.

Since health manpower will be short for some time to come, self-reliance in certain matters of health may be essential for those people living in truly remote areas.

In summary, the Medical Center of the University of Alabama in Birmingham is dedicated to relating its expertise to the practicing health professionals and through them to the people and patients of this State and region.

We have actively engaged ourselves in developing new methods for communicating knowledge, in generating new kinds of health workers based on task analyses and needs assessments of the jobs to be done, in devising with the practicing physicians new systems for health care, in exploring uses of new technologies such as computer and multiphase laboratory surveying procedures, and in developing programs aimed at making the existing health professionals more efficient.

In addition, together with the legislature and the Governor of this State, we intend to join our sister institutions in an ambitious expansion of the class sizes of all health professionals, physicians, dentists, nurses and a wide variety of allied health peronnel.

I thank you again for allowing me the privilege of testifying to this subcommittee. I will be glad to try to answer any questions.

Senator **HUMPHREY**. Thank you.

Just two questions that I want to ask.

I trust that you are sharing these experiences with other university medical centers?

Dr. **MEADOR**. The Medex is a five-center program which has just gone through the 1-year funding cycle and is now probably ended, so there are five places in the country that do share information on the Medex system. The telephone information system we have shared with many places and have made demonstrations of it and I think it has a chance of taking hold.

The Lawrence County project is one of many systems for delivering health care, a partnership between the private sector and government, but it is the most private sector oriented I know of and most self-perpetuating project I know of and that is shared between States and medical centers.

Senator **HUMPHREY**. One thing that disturbs me about much of this information is that it is not generally known. I mean it is not generally known by community leaders in different areas of the country. Our own University of Minnesota has a rural health program and it is the best kept secret in the State except for the fact it gets out occasionally when they work with it, of course, and it is an excellent program. We are very proud of our medical school. But it isn't known by the county commissioners, it isn't known by the people who are the political officers out in the State except in a few instances and that is why I emphasize, if I may, I hope your program is written up and shared and we, of course, will include it in our record and trust we can be helpful on it, but get it to the people.This Medex, you say, is 23 people, perhaps?

Dr. **MEADOR**. That is correct.

Senator **HUMPHREY**. How many do you think you need?

Dr. **MEADOR**. Well, it is hard to say. The problem with the Medex, to be frank about this, is in getting physicians to accept Medex as an experimental program; it is early in the game. Where the need is critical there is no trouble. I suppose we have about two or three times the demand for the number of places we could train right now. I suspect that the program will be limited to the very severe shortage areas of the country. The physician's assistant, which is another kind of assistant over a longer training period and of a different sort, will probably move into the urban areas and other areas of the country but Medex is a really perfectly designed kind of system for the rural areas.

Senator **HUMPHREY**. I would like to just call to your attention the program that the Mayo Clinic is utilizing in Rochester, Minn., where they are just experimenting now, I want to make it clear, where they use a pharmacist, for example, as a health officer in the first instance and where they are talking about tying in on closed circuit television and computer systems to be able to get information and to be able to talk to the primary health official, again what you might call preliminary health attention. Also the helicopter type of service that you mentioned.

Are you familiar with the health manpower bills now in the Congress that—I think the House has passed a bill and I believe it is before the Senate?

Dr. MEADOR. I am familiar with the medical students' part of it but not so familiar with the other elements. Dr. Hill may be more familiar with it.

Senator HUMPHREY. Dr. Hill, do you have any comments on it? Do you think this helps to meet the health manpower needs of rural areas? Would it be effective, in other words?

Dr. HILL. It certainly will help meet all health manpower needs and the more manpower we generate, the more the rural areas, I think, will benefit. We do need more incentives for more individuals to go into the rural areas. This is always the problem. It is a very complicated process as to where physicians or other health workers will locate, involving not just the physicians but their wives, and many other things. But certainly if we improve our ratio of health professions to the population I think we will help the rural areas.

Senator HUMPHREY. This is why some of us believe with economic development in the smaller towns, where you start getting good industries and libraries and where you get——

Dr. HILL. Schools.

Senator HUMPHREY (continuing). Good schools, you then tend to be able to draw professionals. It is very difficult to get professionals or even give them adequate incentives to go to some of these areas unless you have a social-economic climate that is conducive to their presence.

Gentlemen, do you have any questions?

Senator TALMADGE. I just want to compliment you, Dr. Meador and Dr. Hill, on the fine job you have done.

Dr. MEADOR. Thank you.

Dr. HILL. Thank you.

Senator HUMPHREY. Senator Allen?

Senator ALLEN. Dr. Hill, Dr. Meador, we are proud of the University of Alabama, the medical center there and the 4-year school and the medical college, and I might say that the matter that Senator Humphrey mentioned a moment ago, that I was soliciting him on, was the matter of the appropriation of the $7.5 million for the Regional Cancer Research Center; and I don't think I am speaking out of school when I say he is planning to support that measure when it gets over to the Senate from the House.

Senator HUMPHREY. I have got a little matter for the University of Minnesota, too. [Laughter.]

You can be assured of my help.

Senator ALLEN. That is part of the name of the game.

I would like to inquire—I know you have a big backlog of applicants there at the medical college. Do you have any system of practice in accepting applicants that would hold an applicant to the responsibility of practicing for a given number of years in a rural community?

Dr. MEADOR. This is a program that the State of Alabama has had for 5 years, 6 years, really, since 1965. The State loan program was passed whereby if a boy who gets into medical school will practice in a community of less than 5,000 population for so many years, or 5 years, the loan is disregarded. From 5,000 to 10,000 population is another period of practice and from 10,000 population on—I forget the details of it—the bigger the city and the longer, the more money you have to pay back.

This program has not been in effect long enough to see what effect it has had in distributing doctors in Alabama. Across the country there are a number of these and with one exception they have failed to have any effect on bringing the student physicians to the small communities, rural areas. This was in a recent study put out a few months ago.

Senator ALLEN. What percentage of your graduates stay in Alabama?

Dr. MEADOR. I don't think that economic incentives are going to get them there. Town after town has built a clinic, built a hospital, and has failed to get them.

It is the total makeup of that community that gets them or does not get them. So I don't think it is worth spending a whole lot of money putting the money over there to get them there. I just don't think it will work.

We stand fourth in the Nation in retaining graduates. That is still not as good a record as we would like to see because we only retain 65 percent. Sixty-five percent of all living graduates are in this State.

Senator ALLEN. There is no commitment made by an applicant that he will practice in Alabama a given number of years? You make no requirement of that sort?

Dr. MEADOR. I don't know if it would hold up. I don't know if that has been tried by the school. Do you know?

Dr. HILL. So far as I know, that has not been tried by any school.

Senator TALMADGE. Will you yield? I want to be very brief because we are way behind schedule.

When I was Governor of the State we set up an incentive program by which we would make loans whereby the students go to medical college, are commissioned, practice in an area desperately short of doctors. It had a highly beneficial effect in my opinion. Of course, it came at about the time the Hill-Burton hospital program also arrived and we were busy building hospitals in the rural areas at the same time we were subsidizing doctors to go to the rural areas, and the two of them combined were highly effective in getting medical services available to the rural areas of our State.

Dr. HILL. Senator, let me just say the law in Alabama was copied partially after your law so we are grateful to you for that law.

Senator ALLEN. These innovative programs that you have put in, giving information back to the local practitioner, that should serve as an incentive for young doctors to go to a remote area, should it not?

Dr. MEADOR. Let me comment on one point. It is a central point because every school likes to get the best kids we can get and I don't think we should get far off that goal, but the two biggest factors I know, that put a doctor in a rural community are the size of the town of origin, and if you could couple that with the size of town of origin of his wife, those are two rather potent factors. If the wife and the student come from a small town, the odds of their going back are certainly better than if one or the other comes from a larger town.

We are looking at our process very carefully to see if we can't weigh that into the equation of the new kids because we have so many applicants that we can't take. We might incorporate that in looking at the applicants.

Senator **Allen**. Thank you very much. There are a lot of questions that I would like to ask, but must forego because of lack of time.

Senator **Curtis**. Just one question. How large is your county that doesn't have physicians?

Dr. **Meador**. It is Coosa County.

Senator **Curtis**. About what population?

Dr. **Meador**. Ten thousand.

Senator **Curtis**. How is that divided between whites and nonwhites?

Mrs. **Winston A. Edwards** (Coosa-Elmore Community Action Committee). Can I give the population?

We have two-thirds white, one-third black. It is 11,000 population and it is honestly God's country. It actually has more good land and water and good people and people just don't know about it. [Laughter.]

Senator **Humphrey**. Maybe that is why they don't need a doctor.

Mrs. **Edwards**. I can only speak for the doctors because I am married to a country doctor and I was a city girl but actually I had enough foresight to know that if you were wealthy you like to live in a certain place like Coosa. You say this is the education we need.

Senator **Humphrey**. Thank you very much.

We are going to take about a 3-minute break and then our next witness—oh, by the way, may I say before we take the break, I hope our witnesses will be understanding. We are behind in our schedule. When we come back, we would like to have you really abbreviate your statements, give us the hard-core information that you have and we will take the whole record. We would like to—I would love to spend a week here with you talking to you about it but I think we will have to speed up.

(The prepared statement of Dr. Meador follows:)

Dr. **Meador**. Mr. Chairman and members of the subcommittee, I thank you for this opportunity to testify before the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry on the subject of health care for rural America. I, too, on behalf of the School of Medicine of the University of Alabama in Birmingham, welcome you to our State.

The plight of rural America, and particularly the magnitude of its health care needs, has been amply presented by others. I will not dwell on the documentation of the problem in this testimony. Instead, I intend to describe programs now in progress in this State which we are hopeful will bring some relief to the problems of health care for the people in Alabama, particularly its rural areas. Hopefully, some of these programs will serve as models for the region and Nation.

For the record and for your use, I am attaching to this testimony the following sources of material which document and describe the magnitude of the rural health manpower problem both in Alabama and in the Nation:

1. A set of documents and surveys of manpower and facilities available in various regions of the State of Alabama. These include analysis of physician and allied health manpower, maps showing distribution of hospitals, and documents indicating population growth compared to physician manpower increase or decrease.
2. A brief but useful bibliography of published material describing the problems of health care in rural areas. Included in this list are articles analyzing attitudes of physicians toward small community

practice, studies on physician-population ratios among the States, descriptions of training programs for future small-community physicians, discussion of an incentive program for rural practice in New Zealand and an analysis of medical economics as related to public policy programing for health care needs of the next decade.

In summary, these articles say that rural America is short in all categories of health personnel and that the situation is getting worse. They indicate that towns of less than 1,000 people with one remaining doctor (usually a physician in his late fifties) will probably not be successful in getting another doctor. They point out that professional attractiveness is related to the total cultural, social, and economic advantages of a region and that doctors, like people in general, tend to move into areas which are growing economically and culturally and which have educational advantages for their children. In this regard, the physician's wife's attitude ranked very high in reasons for a physician locating or not locating in a small community.

These articles, in a more positive vein, indicate that a majority of smalltown physicians grew up in small communities, chose to practice there because they liked small-community living and because they had the opportunity to build busy practices quickly. Finally, they point out the increasing trend toward group practice in the smaller communities which are successful in having higher physician-population ratios than neighboring communities.

I would like now to describe three programs directed at problems related to rural health which the school of medicine and the University of Alabama in Birmingham have a heavy involvement. Since professional lonelinees and long, hard-working hours are reasons given by physicians for not locating in small communities, we have focused considerable effort on correcting these negative aspects of rural practice; that is:

1. On combating professional loneliness.
2. On developing new programs to reduce the workload of rural physicians.
3. On devising new ways of practice which we hope will make the life of the smalltown practitioners more rewarding professionally, less arduous, and thus more rewarding socially for him and his family.

Thus, we hope by working with the existing smalltown physicians, to make small-community medicine more attractive for our future graduates.

1. COMBATING PROFESSIONAL LONELINESS—MEDICAL INFORMATION SYSTEN VIA TELEPHONE (MIST)

Two years ago, the school of medicine (UAB) developed an information system for the physicians of Alabama. This system permits any physician in the State to call day or night, toll free, a panel of specialists at the medical center. These specialists, who are members of our faculty, carry electronic signaling devices and can be located within minutes of an incoming call. The physician in practice thus has immediately available to him someone for consultation; or if needed, someone who can relay, through our library, the latest article on the subject in question. The faculty member soon gets a feel for the problems of the community and an appreciation for the needs of the practicing physician. By recording these calls, we can accumulate lists of problems for incorporation into more formalized continuing education courses, or for incorporation into our medical school curriculum. This minute-to-minute, day-by-day system provides continuing education of the best kind; it focuses only on the problem at hand, on the information that the physician needs and at the moment he needs it.

In its 24 months of operation, we have received and responed to 14,000 calls—an average of 580 calls per month. We have received calls from all but one county in the State—that county has no physician. Over one-third of all the physicians in this State use the system on a continuing basis.

Through this telephone system, we have developed an informal arrangement with the helicopter base at Fort Rucker, and thus have been able to follow up telephone calls with flights of rare medicine to remote areas, transportation of acutely burned or injured patients to the medical center, or movement of specialized equipment, such as respiratory units, to small communities.

Many times, with proper information, the smalltown physician is able to care for the patient in his hometown rather than refer the patient. For example, we use the system heavily for week-by-week dosage adjustment of the newer, more toxic cancer drugs without the patient ever leaving his hometown.

Surveys of users of the system have revealed such statements as "It's like having a partner in practice," or "I usually know what to do, but I need the psychological assurance of someone in that specialty," or "We have no specialists in our community, and this system gives me the kind of backup I need."

The school of medicine believes that this information system combats some of the professional isolation of the smalltown physician and thus will be a factor encouraging future physicians to move into these communities.

Finally, it provides for rapid dissemination of the latest knowledge and, therefore, should make the very best medical care available to all of our citizens, wherever they may live.

2. DEVELOPING NEW PROGRAMS TO REDUCE THE WORKLOAD OF RURAL PHYSICIANS—MEDEX TRAINING PROGRAM FOR PHYSICIANS' ASSISTANTS

The emergence of a variety of new kinds of assistants to physicians is widely known. For several years, the department of surgery at UAB School of Medicine has been training surgeons' assistants. More recently, the school of medicine and its newly created division of family medicine have initiated a program (Medex) for retraining the returning military corpsmen for civilian medicine. Copied after the program in the State of Washington, these experienced corpsmen are matched with a physician already in practice prior to the training phase. Over a period of almost 1 year, the Medex alternately spends 1 month at the medical center and 1 month with the physician in practice. By this arrangement, the trainee is trained for a particular type of practice, and thus he is taught those skills which are desired and needed by the physician and his patients. Currently, we have 23 Medex trainees matched with physicians in rural practice throughout five States of the South. All will complete their training this August, and hopefully, all will remain in practice with their physician.

These assistants will do many things traditionally done only by physicians, thus freeing the physician to do those things that only he is competent to do. The Medex will be able to gather data, order initial laboratory or X-ray tests, suture simple lacerations, dress wounds, remove casts, and so forth. The physician is still the individual responsible for the care of the patient and thus makes the therapeutic decisions and performs those procedures that only he is trained to do.

Patient acceptance has been remarkably good, and the program already has made an impact on the lives of the physicians who serve as preceptors. Even if this program leads to no significant increase in delivering health care, it will be successful because of changes in the way of life for the rural practitioners. Interviews with these physicians already indicate a change in their mode of living. They are more relaxed, have more time for their family, do things that are more professionally rewarding, and in general, feel that they are giving better care to their patients than they were prior to having an assistant.

Again, we believe this new style of practice with well-trained assistants will be appealing to future physicians, and that more of them will choose to practice in the smaller communities than have in the past. Furthermore, studies indicate that these assistants do make the physician more efficient. An increase in efficiency among several doctors would be equivalent to putting a new doctor into practice.

3. DEVISING NEW WAYS OF PRACTICE—THE LAWRENCE COUNTY PROJECT

For several years, the medical center has been searching for a way in which we could make the greatest impact on the problems of rural health care. Obviously, we could not enter directly into delivering health care in all of the areas of need in the State, nor could we dilute our primary mission of training physicians and other health professionals with excessive commitments to patient care in areas remote from the university. Our thoughts centered on somehow developing a model of rural health care that might be reproduced elsewhere in the State or Nation.

When approached 2 years ago by virtually all of the physicians of Lawrence County for help, we moved to join with them, the Appalachian Tri-County Commission (one of the 202 demonstration areas), the hospitals of Lawrence County, and many of its citizens to develop a new system of health care. It grew out of local concern and local commitment. Its constraint from the outset was that it be eventually self-sustaining and that it be a system which could be reproduced in other rural areas; in other words, a system not dependent on outside funds for its existence. While it is true that Appalachian funds have been used, they have not been used to bring in a large number of nonlocal health workers who, when outside support stops, would leave. Appalachian funding has been directed at planning with the local physicians and citizens at providing for educational costs for local people to be trained locally or at the University of Alabama in Birmingham

Medical Center, and at evaluating the effectiveness of the new system. It is planned that personnel and other costs will be carried by local funds once the system is operational.

The physicians in the project, now numbering five, care for 30,000 people. Each has agreed to participate fully in the program by using the Medex assistant, by allowing very careful audit of his practice for such things as methods of patient care, referral routes, logistics of patient flow, and the economics of his practice. In addition, outreach teams are being trained so that preventive and comprehensive care in the home will be more readily available to the people of Lawrence County.

The project has four general goals:

1. Improvement of the health status of the people of Lawrence County.
2. Improvement of their socioeconomic status.
3. Development of a system that will demonstrate that the first two goals are being achieved and that the goals are economically sound.
4. Conversion of the project into a permanent self-supporting system of health care that can serve as a model to other areas of Alabama and the Nation with comparable problems.

Again, it is a local project initiated by local physicians but with partnership with the University of Alabama in Birmingham Medical Center and the Appalachian Commission. The university will provide the educational resources for the training of local people and it will participate in the evaluation of the achievement of goals. Finally, when operational, we will send residents and medical students to Lawrence County so they can see and participate in a rewarding kind of service to patients.

By changing the life of the smalltown physician through new ways of practice, we believe that rural practice will be more attractive and that some of our graduates and others will choose it as a way of life. For these programs to be effective, these changes in professional life must be accompanied by improvements in the socioeconomic status of the whole community, a goal wisely chosen by the Lawrence County project and obviously a topic of major concern to this subcommittee. Health should not be viewed in any narrow sense. While we have appropriately focused our efforts to date on physicians, information systems, and new kinds of health workers, we are fully aware that good health is related to the totality of a community's cultural, economic, and educational status.

In this area of health that extends beyond medicine's traditional role, I would like to encourage a change already proposed for the Extension Service of the U.S. Department of Agriculture. We would all agree that prevention of disease is more desirable, less costly, and more effective than the treatment of an established disease. Effective prevention of disease depends upon properly informed and educated people. Ideally, this education should come from all sources: however, the Extension Service of the Department of Agriculture has a unique opportunity. With the network of county agents and home demonstration agents throughout the country, the Extension Service, with proper modification, could become a network for dissemination of health information. I know there is already interest in this sort of change and I would encourage support of it. By supporting linkages between medical centers and the Extension Service in each State, meaningful information could be spread constantly to the people of rural America, not just preventive measures but even simple self-treatment and health maintenance information.

The school of medicine has already prepared a tentative proposal indicating how such a linkage between our medical center and the Extension Service in this State could be effected. We intend to initiate discussions with representatives from Auburn as to how we should proceed.

Self-reliance has been a traditional characteristic of rural America. The Extension Service, with proper input from the health professions, should build on this strength of the people and provide sufficient knowledge about individual health. Since health manpower will be short for some time to come, self-reliance in certain matters of health may be essential for those people living in truly remote areas.

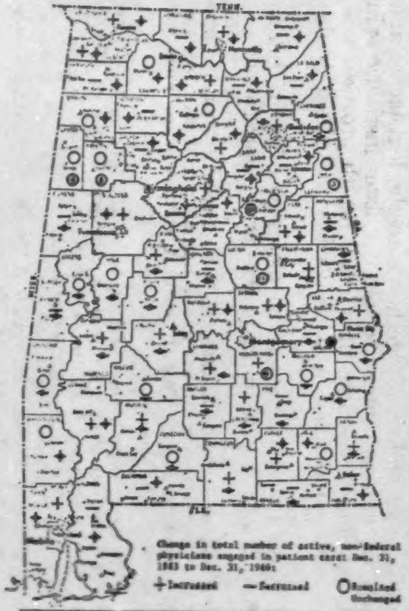
I have described in detail only three of our programs directed at improving health care in rural areas and have made a specific suggestion for your consideration concerning a new and expanded role for the Extension Service.

In summary, the Medical Center of the University of Alabama in Birmingham is dedicated to relating its expertise to the practicing health professionals and through them to the people and patients of this State and region. We have actively engaged ourselves in developing new methods for communicating knowledge; in generating new kinds of health workers based on task analyses and needs assessments of the jobs to be done; in devising with the practicing physicians new systems for health care; in exploring uses of new technologies such as computer and multiphase laboratory surveying procedures; and in developing programs aimed at making the existing health professionals more efficient. In addition, together with the legislature and the Governor of this State, we intend to join our sister institutions in an ambitious expansion of the class sizes of all health professionals, physicians, dentists, nurses, and a wide variety of allied health personnel.

I thank you again for allowing me the privilege of testifying to this subcommittee. I will be glad to try to answer any questions.

APPENDIX TO TESTIMONY OF CLIFTON K. MEADOR, M.D., DEAN, SCHOOL OF MEDICINE, UNIVERSITY OF ALABAMA IN BIRMINGHAM, BEFORE THE RURAL DEVELOPMENT SUBCOMMITTEE OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, JULY 8, 1971, MONTGOMERY, ALA.

Exhibit I—Map of Physician-Population Changes, State of Alabama 1960–1970.
Exhibit II—Table of Physician-Population Ratios, Alabama Rural vs. Urban.
Exhibit III—Allied Health Manpower Available Alabama vs. Nation.
Exhibit IV—Map of Alabama With Hospital Distribution.
Exhibit V—Bibliography.
Exhibit VI—Lawrence County: A New Conception of Expansion of Medical Care.
Exhibit VII—The Rural-to-Urban Malnutrition Gradient.


TENN.
FLA.
Change in total number of active, non-federal physicians engaged in patient care: Dec. 31, 1963 to Dec. 31, 1966:
+ Increased
— Decreased
○ Remained Unchanged

Source: U.S. Bureau of the Census, 1970 Census of Population, PC(V1)-2, Ala., Wash'n, D.C., Dec. 1970.
A.M.A., Distribution of Physicians in the U.S., 1963, Vol. 1, Regional, State, County, Chicago, Ill., 1964.
A.M.A., Distribution of Physicians, Hospitals, and Hospital Beds in the U.S., 1966, Vol. 1, Regional, State, County, Chicago, Ill., 1967.

Change in total population, 1960 to 1970 (U.S. Census):

◆ Increased ⬥ Decreased ◎ Changed less than ± 1 o/o

Exhibit I Map of Physician Population Changes - State of Alabama 1960-1970

THE 18 MOST POPULOUS ALABAMA COUNTIES (EACH WITH 30,000 OR MORE INHABITANTS IN 1970)
(DATA ON POPULATION AND ACTIVE, NON-FEDERAL PHYSICIANS ENGAGED IN PATIENT CARE)

	The Selected 18 Counties	The Other 49 Counties	All Counties
Total population, 1970, thousands.	2,288.8	1,135.4	3,464.2
Per cent of total.	66.5	33.5	100.0
Total number of physicians, Dec. 31, 1966.	2,062	470	2,532
Per cent of total.	81.4	18.6	100.0
o/o change, no. of phys., end '63-end '66.	+6.3	−1.1	+5.0
No. of counties in which no. of phys.:			
a. Increased	10	15	25
b. Decreased	5	17	22
c. Remained unchanged	3	17	20
	18	49	67
Number of G.P.'s, Dec. 31, 1966.	317	352	669
Per cent of total.	39.5	60.5	100.0
o/o change, no. of G.P.'s, end '63-end '66.	−7.0	−4.3	−6.0
No. of counties in which no. of G.P.'s:			
a. Increased	2	12	14
b. Decreased	13	19	32
c. Remained unchanged	3	18	21
	18	49	67
Number of Medical Specialists[1], Dec. 31, 1966.	389	23	412
Per cent of total.	94.4	5.6	100.0
o/o change, no. of Med. Spec., end '63-end '66.	+16.5	+27.8	+17.0
No. of counties in which no. of Med. Spec.:			
a. Increased	11	8	19
b. Decreased	3	3	6
c. Remained unchanged	4*	38**	42
	18	49	67

*Includes 2 counties with zero Med. Spec. in 1963 and zero in 1966.
**Includes 32 counties with zero Med. Spec. in 1963 and zero in 1966.

	The Selected 18 Counties	The Other 49 Counties	All Counties
Number of Surgical Specialists[2], Dec. 31, 1966.	601	55	656
Per cent of total.	91.6	8.4	100.0
o/o change, no. of Surg. Spec., end '63-end '66.	+11.9	+19.6	+12.5
No. of counties in which no. of Surg. Spec.:			
a. Increased	13	12	25
b. Decreased	2	7	9
c. Remained unchanged	3*	30**	33
	18	49	67

*Includes 1 county with zero Surg. Spec. in 1963 and zero in 1966.
**Includes 22 counties with zero Surg. Spec. in 1963 and zero in 1966.

	The Selected 18 Counties	The Other 49 Counties	All Counties
Number of Other Specialists[3], Dec. 31, 1966.	218	32	250
Per cent of total.	87.2	12.8	100.0
o/o change, no. of Other Spec., end '63-end '66.	+18.6	+61.3	+19.6
No. of counties in which no. of Other Spec.:			
a. Increased	10	9	19
b. Decreased	4	2	6
c. Remained unchanged	4*	38**	42
	18	49	67

*Includes 1 county with zero Other Spec. in 1963 and zero in 1966.
**Includes 31 counties with zero Other Spec. in 1963 and zero in 1966.

---

[1] Allergy, Cardiovascular Diseases, Dermatology, Gastroenterology, Internal Medicine, Pediatrics, Pediatric Allergy, Pediatric Cardiology, Pulmonary Disease.
[2] General Surgery, Neurological Surgery, Obstetrics and Gynecology, Ophthalmology, Orthopedic Surgery, Otolaryngology, Plastic Surgery, Colon and Rectal Surgery, Thoracic Surgery, Urology.
[3] Aviation Medicine, Anesthesiology, Child Psychiatry, Diagnostic Radiology, Forensic Pathology, Neurology, Occupational Medicine, Psychiatry, Pathology, Physical Medicine and Rehab., Gen. Prev. Med., Public Health, Radiology, Therapeutic Radiology.

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EXHIBIT II.—TABLE OF PHYSICIAN, POPULATION RATIOS, ALABAMA RURAL VERSUS URBAN

PHYSICIAN MANPOWER IN ALABAMA, 1970

	Total		Urban [1]		Rural [2]	
	Number	Per 100,000 population	Number	Per 100,000 population	Number	Per 100,000 population
Alabama physicians	2,800	83.0	1,600	113.5	15	27.3
Direct patient care	2,200	65.2	1,050	74.5	15	27.3
General practitioner	850	25.2	286	20.3	12	21.8

[1] 5 most populous counties.

[2] 5 least populous counties.

Note: "Adequate," 150/100,000; U.S. ratio, 101/100,000.

EXHIBIT III.—ALLIED HEALTH MANPOWER AVAILABLE, ALABAMA VERSUS NATION

	United States		Alabama	
	Total	Per 100,000 population	Total	Per 100,000 population
Pharmacists (1968)	124,486	62.3	2,057	58.4
Inhalation therapists (1969)	1,025	.5	4	.1
Medical technologists (1969)	50,800	25.0	800	22.7
Occupational therapists (1970)	9,100	4.6	20	.6
Physical therapists (1969)	10,397	5.2	65	1.8
Radiological technicians (1969)	55,531	27.8	672	19.1
Vocational rehabilitation counselors (1969)	7,282	3.6	220	6.2
Medical librarians (1970)	1,771	.9	20	.6
Medical record librarians (1969)	3,000	1.5	30	.9
Social workers (1970)	50,000	25.0	376	10.7

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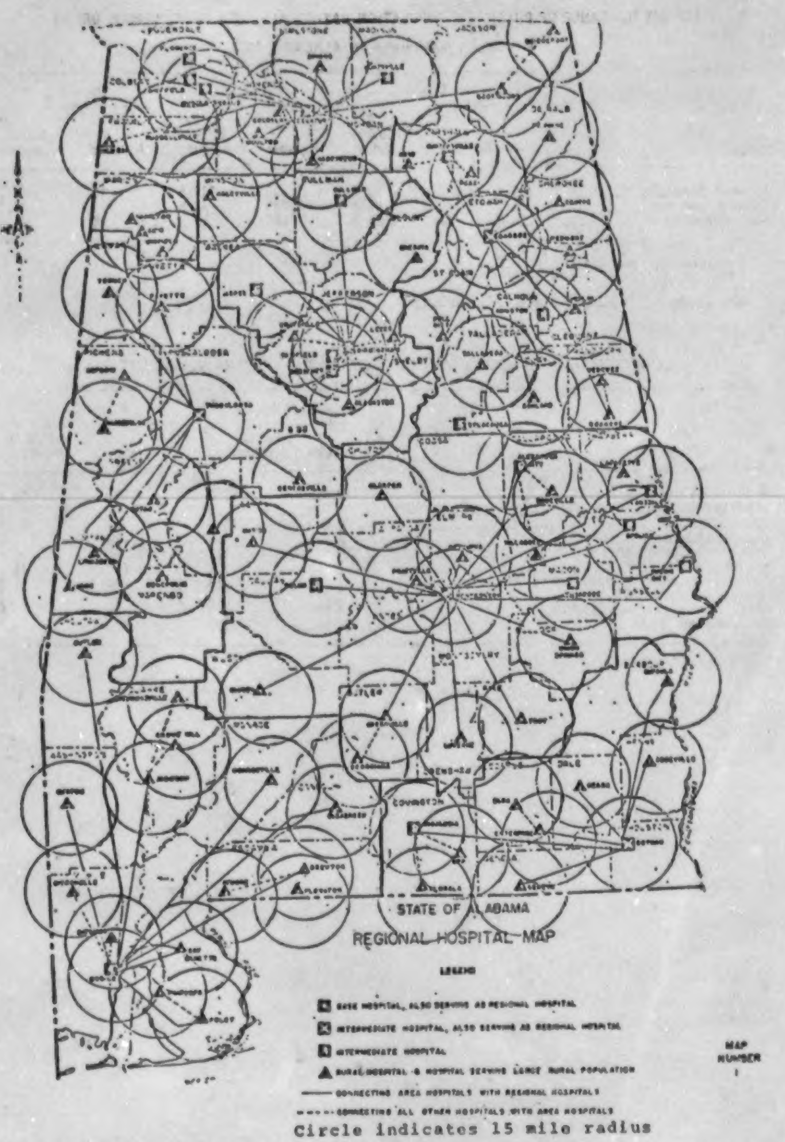
STATE OF ALABAMA
REGIONAL HOSPITAL MAP
LEGEND
BASE HOSPITAL, ALSO SERVING AS REGIONAL HOSPITAL
INTERMEDIATE HOSPITAL, ALSO SERVING AS REGIONAL HOSPITAL
INTERMEDIATE HOSPITAL
RURAL HOSPITAL & HOSPITAL SERVING LARGE RURAL POPULATION
CONNECTING AREA HOSPITALS WITH REGIONAL HOSPITALS
CONNECTING ALL OTHER HOSPITALS WITH AREA HOSPITALS
MAP NUMBER 1

Circle indicates 15 mile radius

Exhibit IV Map of Alabama with Hospital Distribution

ALABAMA DEPARTMENT OF PUBLIC HEALTH

REVISED AUGUST 1970

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EXHIBIT VI—LAWRENCE COUNTY: A NEW CONCEPTION OF EXPANSION OF MEDICAL CARE

IN LAWRENCE COUNTY: A NEW CONCEPT TO EXPAND MEDICAL CARE—PERSPECTIVE: THE CAMPUS VIEW

(EDITOR'S NOTE: The following is another in a series of articles on topics of current interest by members of the faculties of Alabama's universities.)

(By Dr. Rhesa Penn, Project Director, Associate Professor of Medicine, Associate Professor of Pediatrics and Associate Professor of Public Health and Epidemiology, University of Alabama in Birmingham)

AFTER AN EXTENDED period of planning and negotiation, the Lawrence County, Alabama health care project was started on September 1, 1970. Designed to improve the health status of Lawrence Countians by providing each of the county's five physicians with a team of health workers, the project is expected to allow more people to receive more comprehensive health care at a lower cost.

This ambitious project is only feasible because of the intense and enthusiastic cooperation of physicians, agencies, and many individuals in the county with the University of Alabama in Birmingham (UAB).

There are well trained, conscientious physicians in Lawrence County but their numbers are few, averaging 18 per 100,000 population compared with 69 for the state and 146 for the United States. The ratio of nurses is 46 per 100,000 compared with 241 for the state.

"The overall cost of providing health care can be reduced if a significant portion of the care can be provided by health workers with less extensive training than the physician and if more effort is devoted to preventive care."

Other health workers such as technicians, dieticians, psychologists, and social workers are available in small numbers and often on a part-time basis only. There are two hospitals in the county but their bed capacity is seriously strained. Health resources in the neighboring counties of Limestone and Morgan are sophisticated and touch on broad areas of need but are inadequate to meet the needs of all persons who are eligible for service.

If all of the above points seem to paint a truly grim picture, they may have been too heavily emphasized. The greatest attraction to Lawrence County as the site for this project is not its problems alone but the fact that while problems do exist and are serious there is also real and visible potential for change for the better.

This potential is already beginning to be achieved in industrial, agricultural and recreational development. The educational status of the population is showing steady improvement. In the health field the physicians, who have taken the major leadership role in developing this project, are rapidly availing themselves of technical advances in providing steadily improving service.

As it stands now the Lawrence County project will work toward the general goals: Improvement of the health status of the people in Lawrence County; improvement of their socioeconomic status; a system that will show whether the first two goals were achieved and that the means used in accomplishing the goals are economically sound and acceptable; and conversion of the project into a permanent self-supporting system of health care that can serve as a model to other areas of Alabama and the nation with comparable problems.

In working toward these goals there are a number of immediate objectives to be achieved which will be means of accomplishing our general objectives. These include developing and putting into practice the means of providing comprehensive health care. Comprehensive primary cure will be locally provided. Secondary care resources in nearby counties, and other care centers, such as the University of Alabama in Birmingham, will be relied upon.

Jointly sponsored educational programs with the UAB to provide continuing education for existing personnel and training for new personnel are being established. We also will provide field experience in primary care with a team of health workers who are residents, medical students, and students in nursing, social work, and other related areas.

Another important program included in this category will be a family practice residency program jointly sponsored by the project and the UAB medical school's Division of Family Practice and Ambulatory Care. These educational programs will increase the amount of service available in Lawrence County and will provide unique at-the-scene experiences for students.

It is assumed that if students in the health professions have a good field experience in providing high quality care under good working conditions, more of them will eventually select family medicine careers in rural areas.

The methods to be used in attempting to achieve the goals and objectives of the project are based on assumptions: Many of the tasks presently being done by physicians can be successfully carried out by other carefully trained health team members, allowing high quality care to a larger number of patients even when the number of physicians cannot be increased.

The overall cost of providing health care can be reduced if a significant portion of the care can be provided by health workers with less extensive training than the physician, and if more effort is devoted to preventive care.

Part of the Lawrence County health team spends most of their time working directly with the physician in his office. Others spend most of this time working in homes or other locations away from the office.

Lawrence County within the Appalachian region of Alabama has its own unique blend of serious problems and valuable resources. In spite of its uniqueness it still is representative of rural counties in the United States.

The Lawrence County health care project is a unique answer to some of these problems. It was developed by Lawrence County people with the judicious assistance of medical, state, and regional resources.

Its innovative blend of auxiliary health workers organized in teams to complement existing health resources, the comprehensive nature of services it provides, its heavy emphasis on preventive care, its research capacity for demonstrating effectiveness, economy, and acceptability are expected to result in a prototype that will have applicability to many other comparable areas.

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The Rural-to-Urban Malnutrition Gradient

A Key Factor in the Pathogenesis of Urban Slums

Carlos L. Krumdieck, MD, PhD

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(Recess.)

Senator HUMPHREY. Our next witness is Mr. Don R. Slatton, executive director, Home Builders Association of Alabama.

Mr. Slatton, we thank you for taking time to come to us. We appreciate your friendly cooperation in light of some of the problems that we seem to be having here today. It is so interesting that we take more time than we should, I'm afraid.

STATEMENT OF DON R. SLATTON, EXECUTIVE DIRECTOR, HOME BUILDERS ASSOCIATION OF ALABAMA, MONTGOMERY, ALA.

Mr. SLATTON. Thank you very much, Senator. I will be brief. We have submitted a lengthy statement for the record. I hope that you and the other Senators will have time to read it at a future time.

I would like to express my appreciation to this committee and especially to our own Senator Allen who works so hard to develop our State.

Adequate housing is a necessary part of rural development. While there are many other aspects to be considered in the overall program, such as providing employment, educational facilities and medical services, housing is a preeminent need in the rural areas.

Representing the home building industry, I hope to give you some of the reasons very briefly that we in our industry find it difficult to produce the needed housing in the rural areas of America.

The problem is very simply this: As you stated, Senator Humphrey, in a speech last April, 75 percent of the people do live on 2 percent of the land. By driving through the countryside we can see acres upon acres of lands lying fallow. People are moving to the urban areas to get good jobs, better housing, better educational facilities, and better medical services. We are losing our educated young people. The rural areas containing 25 percent of the people also contain 67 percent of the substandard housing. This is another quote you recently made in a speech in Georgia.

I will give you very briefly the reasons that we find this trend: No. 1, is lack of construction financing. We give you the reasons for this in our report. Standardization of the minimum property standards for our Federal agencies, standardization of building codes, overlapping Federal agencies dealing with housing, and this brings on another problem of common inspections and appraisals: water and sewage, an ever-present need in our rural areas. For fiscal year 1971, Congress appropriated $100 million for water and sewage grants. The administration only chose to fund $40 million. We feel that this lack of funding for the additional $60 million that Congress had authorized had a deterrent effect on home building in the rural areas.

Substandard housing: It was pointed out earlier we have a great deal of substandard housing in the rural areas.

For example, almost 10 percent of the housing in rural Alabama does not have adequate plumbing and electric facilities.

We find there is a lack of supply of mortgage financing. The current high rate of discounts which are being paid to obtain mortgage money has further decreased the mortgage financing available under the Veterans' Administration and the Federal Housing Administration programs. This again affects the rural areas because there is less mortgage money available in these areas than any other areas.

Senator HUMPHREY. Let me quickly interrupt. Do you find it more difficult to get mortgage money for rural housing?

Mr. SLATTON. Yes, we certainly do. The reason for it, and I talked to many of our mortgage companies and banks about this, is because they would rather deal closer to home and they have to have excess money before they move into the rural areas.

We do have a very fine Federal program under the Farmers Home Administration which does make loans but this again is for modest and lower priced housing.

We have the problem of adequate roads and streets. We have plenty of road programs that are available through the Department of Public Roads but more of this money needs to be available to develop the streets and the roads that are used by the rural people in order to get from our farm to market. That is, within their subdivisions. We have a suggestion as to how that can be done contained as Item J in our report that we have submitted to you.

Garbage disposal, while it may seem a small matter to some people, is really a very big problem. I don't know that the average person knows how much solid waste they produce in an average week but in the rural areas there is no way to get rid of this other than dumping and there is absolutely no garbage service available in most of the rural areas.

The Farmers Home Administration has what is called an interest credit loan where they subsidize the interest paid by the lower income people. This program currently stops in Alabama at the $12,500 level. We feel it needs to be increased to a higher level.

Mr. Chairman, I have very briefly given you some 9 or 10 reasons why housing is a problem in the rural areas of Alabama. I have for you, and I would hope that you would take just a moment to look at them, two pictures of what can be done in rural housing. Both of these cases are actual cases. I have been in all four houses pictured. These were all built under the Farmers Home Administration program, by the way.

Senator CURTIS. Is that the same house?

Mr. SLATTON. That is the same family moving from what they did have to what has been provided for them by the Farmers Home Administration program.

Senator HUMPHREY. What was that? What would be the cost of a home?

Mr. SLATTON. $12,000. Those are about $12,000 to $12,200.

Senator HUMPHREY. Is that right?

Mr. SLATTON. Yes, sir.

Senator HUMPHREY. Somebody robbed me.

Senator CURTIS. Did that get section 235 subsidy?

Mr. SLATTON. It would have except they were built under the Farmers Home Administration interest credit loan which is somewhat in the same manner, Senator.

Senator CURTIS. 235 is extended to farms.

Mr. SLATTON. 235 is extended to some rural areas, yes, sir.

Senator CURTIS. Farmers Home Administration.

Mr. SLATTON. The Farmers Home Administration does have a 235 program, yes, sir.

Senator HUMPHREY. Can we take this along to our committee?

Mr. SLATTON. We would be very glad if you would.

Senator **Humphrey**. Thank you.

Mr. **Slatton**. Our purpose in showing you this, these pictures is to show you graphically what homebuilders, working within a free enterprise framework coupled with an excellent rural housing program, administered by the FHA, can produce. After viewing these pictures, I am sure you will agree the job of housing rural America can be accomplished.

As was mentioned earlier, housing is a prime part of rural development but there are other areas that need development also. When the Department of Housing and Urban Development was created, the urban areas experienced phenomenal growth. This same principle could be applied to developing rural areas. A Department of Rural Housing and Development, and I think your legislation that you introduced yesterday is somewhat along these lines, could address itself to these same problems from the rural standpoint.

Creation of this department could bring together the manpower and financial power to deal directly and effectively with all the problems faced by rural areas. Urban renewal programs have revitalized many of our cities. Rural renewal programs under such an agency could accomplish so many of the same goals for those living in the rural areas.

While some publicly owned housing will always be necessary for those citizens of extremely low income, public housing is not the answer to the problems of rural housing.

In passing the Office of Education appropriation bill for fiscal year 1972, the Senate approved $60 million for payments to school districts for children who reside in public housing. These payments were designed to compensate such school districts for the loss of tax revenues resulting from public housing projects. In the House version of the bill no such funds were approved. On June 28 the Senate-House Conference Committee omitted this public housing impact money from the final version of the legislation.

Had this $60 million been used in a rural section 235 program or to beef up the rural section 235 program resulting in homeownership for its participants, public housing impact from funds would have been unnecessary. These homes would be on the tax rolls paying their share of the tax load and thus reducing Federal spending.

In general, the homebuilding industry in Alabama is deeply and sincerely interested in providing safe and sanitary housing for all citizens, urban or rural. Because we live in a State pleased with an abundance of excellent farmland and superior natural resources, we are even more concerned about rural development.

Our association is dedicated to the principle that safe, sanitary housing should be within the reach of every American family. By making possible this goal, the Federal Government working hand in hand with private enterprise can have a far-reaching impact on our society. A man who owns his own home gains those most precious assets, pride and hope. A homeowner is a taxpayer and becomes interested in the uses to which his tax dollars are put. He wants police protection, good schools, and medical facilities. More importantly, he develops an interest in his local, State, and National Governments and registers to vote. He looks at gentlemen such as yourselves to help him with the problems that he might have.

Ownership of a home is a basic American right. The mistakes of the urban areas which created ghettos and substandard tenements helped to create some of the frustrations which terminated in riots and vast areas of cities being burned. Substandard housing in rural areas can do the same.

Our industry hopes this subcommittee will be able to propose legislation and amend present regulations as we have suggested in our testimony to assist in the development of rural America. We stand ready to assist you and create this decent housing for every American family.

Thank you very much for allowing us to testify before you. The homebuilding industry is deeply appreciative of this opportunity.

Senator HUMPHREY. We are very grateful to you and thank you for some of your constructive suggestions. Thank you very much. Gentlemen?

So good of you to come.

(The prepared statement of Mr. Slatton follows:)

Mr. SLATTON. Mr. Chairman and members of the subcommittee, adequate housing is a necessary part of rural development. While there are many other aspects to be considered in the overall program, such as providing employment, educational facilities, and medical services, housing is a preeminent need in the rural areas.

Representing the homebuilding industry, I shall attempt to proffer some of the primary reasons why homebuilders find it difficult, if not impossible, to produce the needed housing in rural areas and small communities.

Of necessity, the facts and conclusions presented in this brief report were obtained within the State of Alabama. However, I feel that in general a similar problem exists in almost every State.

To clarify this report, it will be divided in sections which should be considered by the appropriate legislative or regulatory agency as being self-inclusive. Each section is not necessarily related to another except in an indirect manner.

THE PROBLEM

That the problem of rural housing exists is self-evident. The chairman of this subcommittee, Senator Humphrey, in a speech last April stated that 75 percent of the American people live on less than 2 percent of the land. This, within itself, points up the need to develop rural America.

By merely driving through the rural countryside, you can see thousands upon thousands of acres of land lying fallow. You can see many small communities with their business districts containing more and more "boarded up" buildings. People are moving to the urban areas to obtain good jobs, modern housing, better educational facilities, and better medical services.

The most valuable commodity possessed by rural and small-town America—its educated young people—are being lost as they move to the urban areas to receive those benefits listed above.

Again quoting Senator Humphrey, the rural areas which contain 25 percent of the people also contain 67 percent of the substandard housing. This is another important reason why the people are moving to urban areas. The result of this trend, if it continues, will be more and more urban congestion and a further deterioration of the rural areas.

At this point in time, the job of housing rural America has not been accomplished. I shall present some of the reasons for your consideration:

(a) *Lack of construction financing.*—Rural banks and financial institutions are, for the most part, too small to handle the amount of construction financing a builder needs to obtain a production volume consistent with furnishing a moderately priced home at a reasonable profit. We feel there are two possible solutions. A national bank in a rural area should be relieved of its legal loan limit to an individual firm for the purpose of short-term construction financing. The Farmers Home Administration should be authorized to insure such construction loans in a manner similar to the Federal Housing Administration.

(b) *Standardization of the minimum property standards.*—The minimum property standards requirements of the Federal Housing Administration, Veterans' Administration, and Farmers Home Administration should be standardized to allow a builder to automate or mass produce housing more efficiently.

(c) *Standardization of building codes.*—If an automobile manufacturer was required to make the myriad of changes required by many small communities of homebuilders the basic price of an automobile would increase by at least 200 percent. A professionally established building code, such as the Southern Standard Building Code, should be adopted by the small communities to end the patchwork requirements presently in force. This would reduce building costs and prices significantly by allowing component and modular manufacturers to operate profitably.

(d) *Overlapping of agencies.*—Consideration should be given to ceasing the overlapping functions of HUD and FHA in the rural areas. FHA is uniquely suited to handling rural housing and should receive additional funding. HUD is better suited to the handling of urban housing problems.

(e) *Common inspections and appraisals*—If we are to continue having more than one Federal agency involved in rural housing, there should be a common system of inspections and appraisals. This would allow a homebuilder to produce housing and then finance it through whatever program applied to the particular buyer.

(f) *Water and sewage.*—An ever-present problem of rural homebuilding is adequate water supply and sewage treatment facilities. For fiscal year 1971, Congress appropriated $100 million for water and sewage grants. The administration only chose to fund $40 million. Urban America has caused ecological catastrophe with its lack of sewage treatment facilities. We should not repeat this mistake in the rural areas. A safe, sanitary supply of water is necessary to rural homebuilding also.

(g) *Substandard housing.*—In Alabama, there are some 1,033,642 occupied homes according to the 1970 census. Of these, 188,100 are lacking in the basic amenity of plumbing. Such housing should not exist in a country as rich in resources as is ours.

(h) *Supply of mortgage financing.*—Many mortgage companies are unable or unwilling to finance rural housing. Most rural savings and loans associations are too small to handle the volume of loans needed. This necessitates an agency such as the Farmers Home Administration. Consideration should be given to increasing its appropriation for such moneys. For the most part, money so appropriated is on a "loaned" basis and is an investment of tax moneys rather than an out-and-out expense.

(i) *Insufficient personnel for the Farmers Home Administration.*—The Farmers Home Administration has had a housing program since 1949. In the past 3 years, this department has handled more home loans than it did for the preceding 19 years. Yet this enviable record has been attained without materially increasing the housing personnel of the department. This subcommittee and its parent committee could alleviate the personnel problem and increase homebuilding in the rural areas by increasing the personnel appropriation for FmHA.

(j) *Adequate roads and streets.*—The cost of rural housing could be reduced and the quality of rural housing enhanced by better subdivisions streets within rural subdivisions. A person deserves a paved road to his own property line. The Department of Public Roads currently has grant money available to States for secondary or "farm to market" roads. Making such money available for roads within rural subdivisions would tend to reduce per-lot costs. Such roads, of course, would have to be dedicated by the developer to the State or county upon starting construction.

(k) *Garbage disposal.*—More people would be amenable to living in rural areas if adequate garbage collections were available. A possible solution would be low-interest loans by the Farmers Home Administration or Small Business Administration for such purposes, which would also tend to create additional jobs in the rural areas.

(l) *Interest credit loans.*—Currently interest credit loans, a FmHA form of subsidy roughly equivalent to the Federal Housing Administration's section 235 program, are stopped at the $12,500 level in Alabama. This should be increased to include some furniture and appliances, since low-income rural families rarely can adequately furnish their home after purchasing it. More credit sales of such items only pushes the family into debt and jeopardizes the repayment of the housing loan.

Mr. Chairman and members of the subcommittee, the foregoing items are merely some of the major deterrents to providing for rural America.

We are submitting for your view a set of pictures showing substandard rural housing, along with the modern housing provided for the same family. We are also submitting pictures of three rural subdivisions recently completed. Our purpose in doing so is to show you graphically what homebuilders, working within a free enterprise framework coupled with an excellent rural housing program administered by the FmHA, can produce. After viewing these pictures, I'm sure you will agree that the job of housing rural America can be accomplished.

As was mentioned earlier, housing is a prime part of rural development. There are many other areas in which assistance is needed also.

When the Department of Housing and Urban Development was created, the urban areas experienced phenomenal growth. This same principle could be applied to developing rural areas. A Department of Rural Housing and Development could be created to address itself to these same problems from the rural standpoint.

Creation of this Department could bring together the manpower and financial power to deal directly and effectively with all the problems faced by rural areas. Urban renewal programs have revitalized many of our cities. Rural renewal programs under such an agency could accomplish many of the same goals for those living in the rural areas.

While some publicly owned housing will always be necessary for those citizens of extremely low income, public housing is not the answer to the problems of rural housing.

In passing the Office of Education's appropriation bill for fiscal year 1972, the Senate aproved $60 milions for payments to school districts for children who reside in public housing. These payments were designed to compensate such school districts for the loss of tax revenues resulting from public housing projects. In the House version of the bill, no such funds were approved. On June 28, the Senate-House conference committee omitted this public housing impact money from the final version of the legislation.

Had this $60 million been used in a rural section 235 program resulting in homeownership for its participants, public housing impact funds would have been unnecessary. These homes would be on the tax rolls, paying their share of the tax load and thus reducing Federal spending.

In general, the homebuilding industry of Alabama is deeply and sincerely interested in providing safe and sanitary housing for all citizens—urban or rural. Because we live in a State blessed with an abundance of excellent farmland and superior natural resources, we are even more concerned about rural development.

Our association is dedicated to the principle that safe, sanitary housing should be within the reach of every American family. By making possible this goal, the Federal Government, working hand in hand with private enterprise, can have a far-reaching impact on our society. A man who owns his home gains those most precious assets—pride and hope. A homeowner is a taxpayer and becomes interested in the uses to which his tax dollars are put. He wants polic protection, good schools, and medical facilities. More importantly, he develops an interest in his local, State and national governments and registers to vote.

Ownership of a home is a basic American right. The mistakes of the urban areas which created ghettos and substandard tenements helped to create some of the frustrations which terminated in riots and vast areas of cities being burned. Substandard housing in rural areas can do the same.

Our industry hopes this subcommittee will be able to propose legislation and amend present regulations to assist in the development of rural America.

We stand ready to assist you in creating decent housing for rural Americans.

Senator **Humphrey**. Our next witness is, I believe, Conrad Fowler, if I am not mistaken.

We have the Honorable Conrad Fowler, judge of probate, Shelby County, and Judge Winston Stewart, executive director of the Association of County Commissioners. I want to welcome our county commissioners. It is a special pleasure to have you. Would you like to proceed, Judge?

STATEMENT OF CONRAD M. FOWLER, JUDGE OF PROBATE, SHELBY COUNTY, COLUMBIANA, ALA., AND WINSTON STEWART, EXECUTIVE DIRECTOR, ASSOCIATION OF COUNTY COMMISSIONERS OF ALABAMA, MONTGOMERY, ALA.

Judge **Fowler**. Thank you very much.

I have a corrected copy of the statement that we have filed with you, sir. We ask that it be accepted as part of the record.

Senator **Humphrey**. Indeed it will be.

Judge **Fowler**. We welcome you. We know over the past, many of the things that have happened on the national level affecting county government that have been good and constructive and have been done as a consequence of your interests. We thank you for the role you have played.

Senator **Humphrey**. Thank you.

Judge **Fowler**. It is a pleasure to welcome Senator Allen back to Alabama and to extend best wishes for good health and longevity during his career in the U.S. Senate.

Mr. Chairman, we in county government have a particular role as we move from a nation of 208 to 300 million people. It is our responsibility to increase delivery of local services to local people. The more people we have, the more services we must deliver.

We do approve, the work of this committee in looking to a national growth policy and in looking to a rural development program. The extent of the problems that we anticipate are such as to dwarf those presently before us. Solutions will only be found as we work together.

In the 1960's we saw the grants-in-aid programs increase from about 44 in number to about 456. We saw funds increase from about $6 billion to somewhere in the neighborhood of $27 billion. Much good work was done. We acknowledged it. We on the local level, dealing day by day with local problems, know we have inadequate load resources for our tasks. But we suggest, sir, that an injection of more local discretion and more local responsibility may serve to lessen the abrasiveness of some of the intergovernmental relations experiences we had in the 1960's.

May I mention a few matters that relate to my experience in my home county, a rural county, of 38,000. We experienced an 18-percent growth in the 1960's, 5 percent in the 1950's. We will have a 35-percent growth rate in the 1970's.

Senator **Humphrey**. What is the biggest town you have?

Judge **Fowler**. The biggest town is 3,600 people, Montevallo. There are 10 municipalities in the county. We are immediately south of the metropolitan area, Jefferson County. People are coming to us from this area particularly. We must have an industrial base to provide the revenue so that we can provide the services for the people who will come. We do not have the wherewithal to provide sewage and water programs in rapid growth areas. The Farmers Home Administration has been a great program for us. We commend them for what they have made available to us. But we suggest to this committee that they are underfunded. They have given us the best programs available but they have been minimum-type programs inadequate for growth that is before us.

Systems have been installed that do not lend themselves well to expansion, or to joining with other systems to achieve a countywide utility. With adequate funds FHA has the ability to help do a comprehensive job that will not have to be redone 10 or 15 years later.

We suggest that local government is going to have to receive directly a share of the tax on income.

We do support the general revenue sharing concept presently before Congress. We look upon general revenue sharing as a nonpartisan matter. NACO has worked for 5 years with other members of the big six representing State and local governments. If we continue to depend on property and consumer taxes for funding local services we will lag further and further behind.

I would like, Mr. Chairman, to suggest as a priority for the rural development program the development of our waterways. We in Alabama have observed that wherever natural waterways have been developed the economy has expanded. New industry, new payroll jobs, increased tax receipts have, without exception, followed. We have interest in two important undeveloped riverways: The Coosa-Alabama River system and the Tennessee-Tombogbee system. My county is on the Coosa River. The Coosa-Alabama system extends from Mobile to Rome, Ga., passing through about 23 counties, most of them rural. Many of these counties lost population in the 1950's and 1960's.

The development of these rivers will do more than any other single factor to help achieve a broad, quick expansion of our economy.

We suggest, Mr. Chairman, as we reflect upon the grant programs of the 1960's, that Federal employees already on the local scene should be more fully utilized for any new programs. They know our counties, our people, our problems. Creation of new agencies with new people should be avoided.

Senator Humphrey. Absolutely.

Judge Fowler. And not proliferate, so to speak, the agencies. Revision and consolidation of existing programs could be important in framing a new rural development program.

Senator Humphrey. Do you have multicounty planning here?

Judge Fowler. Yes, we do.

Senator Humphrey. You have State legislation that authorizes this?

Judge Fowler. Yes; eight regions in Alabama. My county is in the Birmingham region, six counties in all, and the region is doing a great job. Local planning must be encouraged. We must insist that we on the local level have adequate planning programs. General Motors and Ford must plan for the production of motor vehicles 10 or 15 years into the future. The same is true of local government. Our business is to deliver local services. It is reasonable that we will plan for the delivery of these services 10 to 20 years in advance.

Senator Humphrey. We hope you will take a good look at the proposal that some of us presented the other day on financing because it ties in—this rural development bank proposal ties into your multicounty planning. In other words, the loans are conditioned on the relationship of the projects to the overall multicounty planning agency and its program.

We welcome your very careful examination of it. We don't need to go into its detail here but we need your good answers. You are out there in the field. You are right on the job. I think county government is coming in not only to its own but really coming into the forefront of what we call governmental structured services.

Judge FOWLER. Thank you, Mr. Chairman. I look forward to seeing that. I am also a member of the National Service to Regional Council and I know some of the work they are doing. We in local government have got to look beyond our own county line, our own city boundary. We have to work together on problems that exceed our own boundaries.

Senator HUMPHREY. I may see you in Milwaukee.

Judge FOWLER. I hope so.

Senator HUMPHREY. Do you have anything?

Judge STEWART. Mr. Chairman, I would just like to say one word. I am in my 36th year in county government. It is very gratifying to know that people of your stature are taking a look at rural America. Thank you very much.

Senator HUMPHREY. Well, thank you very much. Thank you. We are very grateful to you. We hope that you will continue to share any thoughts you have on things that you are doing in Alabama because you are doing things here and we would like to get letters from you, get communications.

Gentlemen?

Senator TALMADGE. Only one comment, if I may, Mr. Chairman.

Judge Fowler and Judge Stewart, I want to compliment you on your testimony and your interest. I have found that the county commissioners generally not only in my own State but nationwide are very much interested in this idea we are trying to develop and inaugurate. The County Commissioners Convention in my own State met a few months ago. They asked Senator Humphrey and Senator Dole and me to spend a half a day talking about this program. Senator Humphrey and I did. Unfortunately, Senator Dole had other commitments and he couldn't go, but as Senator Humphrey said, we welcome your counsel and advice in development of this program.

Judge FOWLER. Mr. Chairman, I would be derelict, if I did not say a word of appreciation for the Cooperative Extension Service. They do a great work in our countries. As an illustration, our home demonstration lady is right now giving instruction in food preparation and home management to a dozen ladies who will go from home to home and work with the people using the facilities available. The Cooperative Extension Service is our partner on the county level.

Senator HUMPHREY. Do you have any State programs that work with your county efforts? I mean, are there any State grants-in-aid programs outside of the educational field, let's say, that work with you?

Judge FOWLER. Yes, sir, highway programs, county health services, the county library program, and others.

Senator HUMPHREY. Thank you very much, gentlemen.

(The prepared statement of Judge Fowler and Judge Stewart follows:)

Judge Fowler. Mr. Chairman and members of the subcommittee, Judge Stewart and I have the honor to speak for the 67 county governing bodies of Alabama. We are pleased by the invitation to appear before this important Subcommittee on Rural Development. That your quest for information in this critical area of national concern brings you to Alabama means much to us. It isn't often that our capitol is visited by nonresident Members of the U.S. Senate. Our welcome to you is even more warm if we may assume your presence as indicative to some extent of a bipartisian "Southern strategy."

For our membership we express appreciation to Senator James B. Allen. His return to the State Capitol in which he gave many years of useful service to the people of Alabama afford us opportunity to comment upon his performance of even greater service in the U.S. Senate. Senator Allen, we think you are doing a great work for Alabama and for the Nation. May good health and longivity attend your career in the U.S. Senate.

NEED FOR A NATIONAL GROWTH POLICY

Mr. Chairman, as our beloved Nation experiences unprecedented population growth, 208 million to 300 million, by the end of this century, we in government, local, State, and National, will be confronted with tasks that dwarf anything presently before me. Our Nation needs the wisdom of its most experienced and learned men to define goals, lay plans, provide policies and give leadership.

Many of us in local government recognize the responsibility of national leaders in problems that transcend State boundaries. Yet at the same time we would wish for a greater degree of responsibility to deal with local situations. State and local officials in a huddle with Federal officials must do a part of the quarterbacking. They must be given more discretion and more responsibility in the execution of the plays.

The unprecedented growth in grant-in-aid programs in the 1960's—44 to some 450 and $6 billion to some $27 billion—often created abbrasive situations in intergovernmental relationships. That newly created agencies expanded from a national office to regional offices to areas or State offices served to indicate recognition that successful programs had to be implemented on the State and local level.

We believe that a determination of national growth policy goals is necessary—yet we would be reluctant to see a further expansion of agencies with additional personnel, proliferated throughout the Nation. Perhaps the Appalachian regional program, where the initiative comes from State and local government without an extensive administrative organization, would be worthy of study.

A NATIONAL RURAL DEVELOPMENT PROGRAM IS NEEDED

We would support the creation of a national rural development program based upon a definition of goals, the attainment of which will insure that we will more successfully avoid problems of our own creation. This must be done by Federal policymakers working with State and local officials as you are doing here today. This combination has worked with considerable success down through the years. Example: Federal farm programs have provided this Nation an agricultural system that is the envy of the world. The ability of those engaged in agriculture to provide this Nation with food and fiber in abundance is evidence of the effectiveness of the Cooperative Extension Service, the Soil Conservation Service, the Farmers Home Administration, the Agriculture Stabilization and Conservation Service, the agricultural colleges, the farm credit programs, and many more such agencies.

Yet this very success has created problems for which we must find answers. Increased farm production with fewer acres and fewer workers has been achieved. Unemployed workers have departed the farm and become a part of the urban crisis. The economic motivations that have spurred this migration must be reversed.

This problem affects the entire Nation. The National Government must devise policies and give leadership. State and local governments must be partners in the decisions, for, in the end, State and local officials will be the ones to implement the policies.

We must not permit fulfillment of projections that indicate the bulk of the population will be concentrated upon only 2 percent of the land by the end of the century. If we fail to avoid this prediction problems of great magnitude will confront our grandchildren and their descendants.

A GOAL—POPULATION AND INDUSTRIAL BALANCE—RURAL AND URBAN

Judge Stewart and I are from rural counties that are now confronted with population and industrial imbalance problems. Judge Stewart is a former probate judge and county governing body chairman of Coosa County. I am probate judge and chairman of the county governing body of Shelby County.

Shelby County is located in the geographical center of Alabama, immediately south of Jefferson County, the State's major population center. Shelby County experienced a 5-percent growth rate in the 1950's and 18-percent growth rate in the 1960's. We will attain a 35-percent rate of increase in the 1970's. It is essential that Shelby County have a continuing industrial growth so that the tax base will be adequate to finance the services needed by an expanding population. We need financial assistance to provide water and sewage installations to serve the homes of the newcomers who willl provide manpower for new industrial plants.

Coosa County is located southeast of Jefferson County and northeast of Montgomery County. It is two counties removed from each of these urban centers. Coosa County has lost population, in each of the last two decades. New industrial jobs are a must if the decline in population is to be checked.

Despite the differences between these two counties, solutions to the problems of each would be similar. Neither has adequate funds for water and sewer installation programs yet these facilities coupled with adequate home loan programs must be made available if there is to be an active home construction program in either county. Industry cannot be attracted unless adequate trained or trainable man and woman power is available. The workers will not be available unless there are places for them to live. Adequate health, educational, and recreational programs are a part of the solution.

The development of rural growth centers will tend to decrease migration to the urban areas, serve to attract the unemployed from the urban areas, and move the Nation in the direction of a rural-urban balance.

REVISING AND COORDINATING EXISTING PROGRAMS MAY SUFFICE

The considerations we suggest have been and are the aims of a number of worthy programs that have achieved a measure of success for years. A national rural development program may indeed be based upon a consolidation and revision of existing programs with a higher degree of coordination rather than upon new programs to be added to those already underway.

May I suggest, as an example, a rural development program that has been of great benefit in Shelby County and in Alabama—which—if strengthened would be manifold more beneficial to our people over the long pull.

For years programs of the Farmers Home Administration have offered great hope for rural development. Yet FHA programs, whem viewed from the standpoint of long-range community development, have been grossly underfunded. As an example, several of the communities in Shelby County have FHA financed water systems; loans and grants. These installations, the best that were available under the programs, were minimum type installations. Funds were not available for installation of systems that could be readily expanded; or that could be tied with other systems as part of a countywide utility. Ultimately we will need a countywide water system and the existence and obligations of these water authorities will pose problems. The FHA people have been extremely helpful. They have the capability of doing a better job if adequate funds are available.

NEW APPROACHES TO FINANCING

In connection with the idea of adapting existing programs to a new national growth policy we believe that in some way, whether by revenue sharing, tax credits, substantial increases in block grants, or whatever; some method must be found to provide State and local governments with a greater portion of the tax revenues that are based upon income. Our continuing dependence upon property taxes and consumer taxes insures that our ability to deliver services on the local level will lag far behind the needs of our citizens.

Local governments need to be relieved of the necessity of providing large sums in a matching arrangement to get Federal funds for local projects. Local officials need to have their discretions on local needs untied from the categorical grant vehicle. Local officials, elected by the people, constantly in the view of the local media, and audited by public examiners, should be freed from the detailed Federal scrutiny that now occurs to insure that they do indeed comply with the mandates of Congress in the utilization of funds from the Federal level for local purposes. Such detailed Federal scrutiny occasions delay. General revenue sharing with no strings attached has a particular appeal to us for many reasons, particularly for this reason. We do not mind the scrutiny but we do object to long delays that impose unnecessary cost upon our programs.

COMPREHENSIVE PLANNING—A MUST

Programs formulated by Congress should continue to provide incentive to State and local government to engage in comprehensive planning local, regional, and statewide for the delivery of local services. The delivery of local services is our stock in trade. It is just as important to plan ahead to determine the need for governmental services 10 and 20 years into the future as it is for General Motors and Ford to anticipate the motor vehicle needs of America 10 and 20 years hence. Regional planning, to insure that various municipal and county officials meet together to seek more efficient ways of accomplishing common goals, must be supported.

We sense that a reappraisal of federalism is underway, as Congress evaluates old programs in the light of the needs of today, makes determination that some shall be retained, some discontinued or consolidated, and questions the advisability of new programs, we respectfully suggest that an effort be made to avoid the creation of new agencies. We in county government know that good and capable Federal employees are manning the Federal offices in our counties. They know our people, our counties, and our problems. The upgrading of an existing staff will, in our judgment, often be much better than the opening of yet another Federal office on the local level.

NATURAL WATERWAYS MUST BE DEVELOPED

The Federal Government should support to the fullest the development of our natral waterways. Economic growth, job opportunities, expanding tax receipts, have followed the completion of each and every developed waterway in the Nation. We in Alabama are particularly aware of this. Two of the Nation's great uncompleted waterway projects are in Alabama, the Coosa-Alabama River system and the Tennessee-Tom Bigbee Canal.

For years we have sought the full development of the Coosa-Alabama River system. It extends from Rome, Ga., diagonally across the entire length of Alabama—through 26 counties, 23 of them rural—to empty into the Mobile Bay and Gulf of Mexico. Much has been done. The waterway will be navigable to Montgomery in September 1971. But the development of the system north of Montgomery appears to be a slow go.

After years of dreams and hopes authority to begin construction of the Tennessee-Tom Bigbee Canal has been granted. We hope nothing will obstruct the orderly progress of this project. Yet the opposition is active and determined. A national rural development program should affirm that the completion of the development of our natural waterways is of the highest priority. Completion of these waterways for navigation would do more for the economic growth of Alabama than any other single factor.

We in county government have a particular appreciation for the continuing interest of the chairman in the role of county government.

You have responded to the frequent invitations from NACO. We know that much of the success that counties have attained on the national scene over the past two decades has occurred because of your interest and support. We wish to report to you that county government is on the move in Alabama. County leaders throughout the State seek to improve their governmental structure and their delivery of service. It is our policy to seek to work in harmony with municipal, State, and Federal officials on all fronts.

Thank you Mr. Chairman and the members of your subcommittee for your visit to Alabama.

Senator HUMPHREY. Our next witness is Dr. E. V. Smith, dean and director of the School of Agriculture and Agricultural Experiment Station System, Auburn University, Auburn, Ala.; and I also believe we have Dr. Truman Pierce, dean of the College of Education, Auburn University.

STATEMENT OF DR. E. V. SMITH, DEAN, SCHOOL OF AGRICULTURE AND DIRECTOR, AGRICULTURAL EXPERIMENT STATION, AUBURN UNIVERSITY, AUBURN, ALA.

Senator HUMPHREY. Might I ask if either one of you ever knew Dr. Harry Humphrey who was once at the Department of Agriculture and he was the man who used to go around to all these agricultural experiment stations? He was my uncle. I just wanted to—when I was a boy I used to run around going to these experiment stations of my uncle and he was in charge of all of them. He was the chief plant pathologist for a while.

Dr. SMITH. I knew him by name but he antedates me.

Senator HUMPHREY. Well, I think that is right. I don't know but that maybe you might have run into him. That is how I got involved in this agricultural stuff, you see.

All right, let's go.

Dr. SMITH. Mr. Chairman, members of the committee, for saving time I have filed—you have in this folder a copy of my prepared statement.

Senator HUMPHREY. Yes, we have——

Dr. SMITH. So, I am going to be very brief and not go through it in detail.

I begin my prepared statement by recognizing the fact that agriculture is the base of our total economy as well as our rural economy, but at the same time recognize the fact that agriculture cannot as yet utilize all of our vast natural resources and our human resources fully. Therefore, I note that this effort at rural development is an important added influence.

Even though I would not admit to having known your uncle over these past many years, I have been involved in rural development since the term was actually coined in the 1950's, and I have therefore attempted in my statement to be somewhat historical in viewing the efforts of the 1950's and some of the shortcomings of the 1960's and some of the improvements that I can see.

I noted that apparently in the 1950's one of the objectives perhaps of rural development was to recognize the fact that these resources were not adequate to take care of all the people we had on the land, and so there was a movement away from the land and I noted that during this first decade in which we had a formal rural development program that 45 of our State's 67 counties lost population, that all of the counties that lost population were rural counties, that our loss in rural population was 14 percent compared to a population increase in our urban centers of 33 percent.

I noted the fact that although some of our rural people migrated to our own towns and cities, many of them immigrated elsewhere and I did note the problems that resulted from this migration of the 1950's in our rural counties and small towns and communities and the problems have been referred to over and over to the cities.

Then I noted the 1960's in which we had a better rural development program, I think, probably based on previous experiences, and we only had 32 counties losing population, compared to 45 during the previous decade. We had on the positive side 35 counties gain in population.

Our loss in rural population during this second period was only 2.9 percent as compared to 14 percent in the earlier period. I have given you maps to illustrate these points. And I pointed to the fact that I felt that some of the problems in the first period, and problems that have continued, have been largely lack of a national goal and a national effort to provide jobs for these people off the farms in the rural areas from which they came.

This has been alluded to in a number of cases before.

I did recognize the fact that in Governor Wallace's prepared statement that he had very succinctly pointed to opportunities for strengthening the agricultural sector and I anticipate that Mr. Hays of the Farm Bureau will point to some policy opportunities.

So I did then refer to another segment of our land-based economy that is very important here in the South, incidentally from the section that you come from, too, Senator Talmadge, and this is the Forest Service.

I noted the fact that we recently had a study made by our Experimental Station's forest economist, and we found that about 16 million acres out of the 21 million of so-called forest acres are now, or 76 percent, in the hands of private nonindustrial landowners, that in this class of ownership, about a third of the owners owned less than 60 acres of forest land and more than three-fourths owned less than 250 acres, that mostly these small private landowners were 50 years old or more—71 percent 50 years old, 45 percent 60 or older. When we question these people as to why they don't do a better job of managing their forest, they point to such things as long-term investments, natural hazards and expected lower returns on investment.

Then I observed that here was one area where perhaps public financial incentive would be necessary if we were to take this vast-bulk of our forest lands and really make it productive. I did note the fact that in the projection for the South's "third forest" it is estimated that about two and a half times as much growth would be required between now and the year 2000 than we are currently producing. Most of this increase would have to come from these small private holdings, and this led to a conclusion that some sort of strengthened public financial incentive would be necessary.

I pointed very briefly to the fact that the Congress did make a special ear-marked appropriation for the State experiment stations to support research in rural development and I added as an addendum a list of new research that has been undertaken by our experiment station and some of the significance that I think will be attached to the support the Congress gave us in 1971.

Finally, in your packet I put sort of a sample of our experiment station publications that bear directly on this subject of rural development and it is quite an array, but I will not take your time to discuss any of this in any detail because it is either in my statement or in the bulletins that we have submitted as examples of the kinds of research that are being done to support this broad program.

Senator **Humphrey**. Auburn is a landgrant college, isn't it?

Dr. **Smith**. Yes, sir. It is. In the southern States, you may remember, there are two landgrant colleges, one predominantly white, the other predominantly black. And Auburn is the landgrant university that has research, extension, and resident instruction.

Senator **Humphrey**. Yes, I see.

Gentlemen?

Senator **Talmadge**. Mr. Smith, I want to compliment you on your statement. I have long been an admirer of the school of agriculture and the agricultural experiment station in Auburn. I have written for and received many of your bulletins from time to time and put some of them into application. Congratulations.

Dr. **Smith**. We still remember the time you spoke at the Kiwanis Club in Auburn and then spent the afternoon traveling around over the experimental station with us. We would like to have you back.

Senator **Talmadge**. Thank you. I would be delighted to come back again.

Senator **Humphrey**. Senator Curtis?

Senator **Curtis**. No, I am very much interested in what they have to say but due to the lateness of the hour I do not have any questions.

Dr. **Smith**. I tried to be brief.

Senator **Curtis**. I understand.

Senator **Allen**. I appreciate your testimony.

Senator **Humphrey**. I want to just commend you on noting the difference on what we just call agriculture and rural development. I notice in your testimony——

Dr. **Smith**. It takes both. We cannot do without agriculture but we cannot do just with agriculture. We have too much land; we have too many resources; we have too many people.

Senator **Humphrey**. I think your synthesis there was most helpful to the public in its understanding of what we are talking about here. We are not just talking only agriculture but talking about the total related surrounding communities that service agriculture.

Dr. **Smith**. For 20 years the people in our institution in agriculture have thought this way. We take agriculture as the base and attempt to build on it.

Mr. Chairman, members of the Senate Subcommittee on Rural Development—I am privileged to appear with a group of distinguished Alabamians who are here to present their ideas on problems of and opportunities for rural development in Alabama, the region, and the Nation.

The 1971 executive budget included a modest proposed increase in the appropriation for the State experiment stations earmarked for rural development reasearch. When I discussed the proposal with the Congressman from our local district, he asked, "Dean, isn't that what you've been working at all of your professional life?" He, of course, was equating rural development with agriculture. Gentlemen, all of us will agree that agriculture—farms, ranches, and forests—is the heart or our rural economy and basic to our national well-being. Recent history has indicated, however, that agriculture alone cannot effectively utilize all of our vast natural resources nor provide satisfactory employment and income for all of our people who wish to or should live and work in rural America.

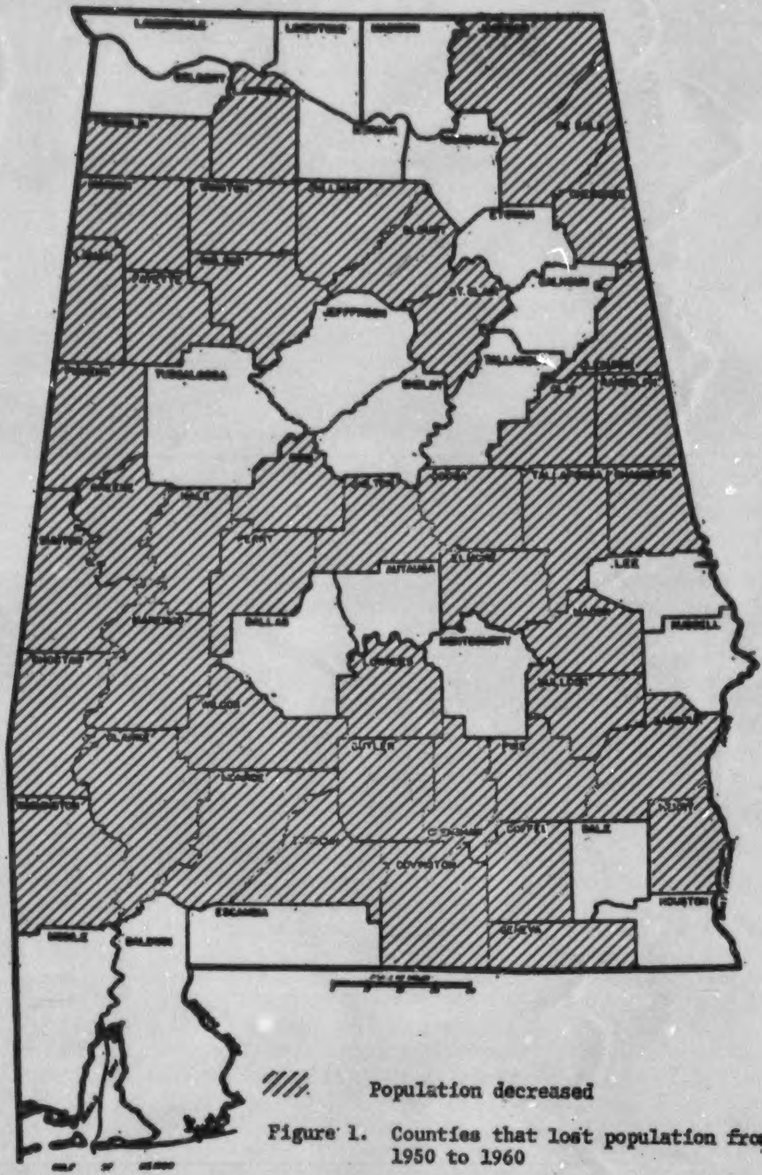
Prior to World War II, Alabama's economy was heavily weighted toward agriculture. Had the term "rural development" already been phrased, it and agriculture would have been considered to be synonymous.

Many of our people left the farm for defense jobs during the war and large numbers of young men went into military service. Partially as the result of war-minded demand for farm products and partially because of a labor shortage, two significant chain events were initiated. One was the rapid increase in the use of farm machinery. The other was the rapid and continued adoption of the results of agricultural research and industrial technology as farmers sought to increase production. For various reasons, the demand for farm products remained relatively high for a few years after the end of World War II.

As demand and prices for farm products subsequently fell and a continuing cost-price squeeze set in, farmers redoubled their efforts to increase production per acre and per man. By the early 1950's, many agricultural leaders in and out of Government were convinced that too many human and physical resources were dedicated to agriculture. The rationale seemed to be that, if commercial family farms were to provide a reasonable standard of living for the farm families, large numbers of inefficient farmers should be encouraged to seek other employment.

It was during the early years of the decade of the 1950's that the term "rural development" was formalized and pilot rural development counties designated. In retrospect, it would appear that the Nation made a serious error during this period with regard to population distribution. If one of the aims of rural development during the '50s was migration from the farm, that aim was achieved. The experience in Alabama may be fairly typical. Between 1950 and 1960, 45 of the State's 67 counties lost population. (See map 1.) All of the counties that lost population were rural counties. During the period, the State's rural population declined by 14.2 percent but the urban population increased 33.6 percent. (See map 2.) While some of the farm migrants moved to towns and cities within the State, many of them went to distant cities and represented a net loss.

Serious defects may be recognized in that decade's rural development efforts. No real national program was mounted to attempt to provide nonfarm jobs for these migrants in local rural areas. As the result of population loss, it became increasingly difficult for rural counties to provide needed services such as schools and hospitals.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MONTGOMERY
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WASHINGTON
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CRENSHAW
COFFEE
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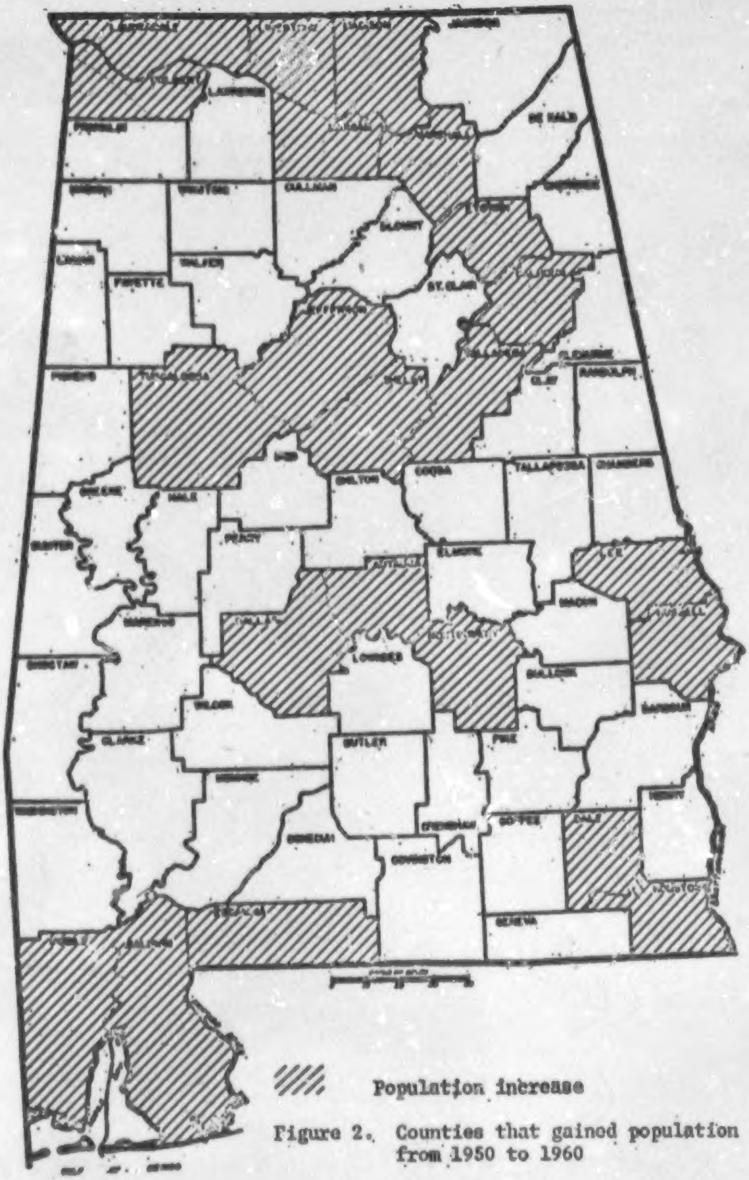
▨ Population decreased

Figure 1. Counties that lost population from 1950 to 1960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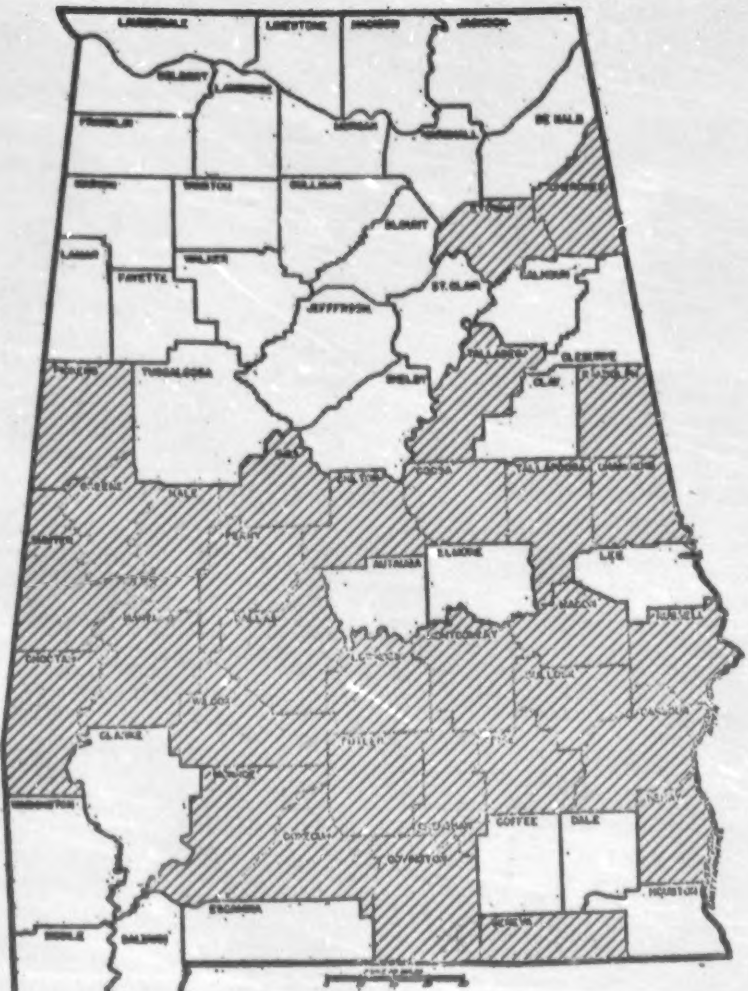
DALE
HENRY
WASHINGTON
CONECUH
COVINGTON
HOUSTON
ESCAMBIA
GENEVA
MOBILE
BALDWIN
▨ Population increase

Figure 2. Counties that gained population from 1950 to 1960

Furthermore, it wasn't only the inefficient who left the rural counties, but many were the young, better educated, productive people. Small towns withered. At that point in time, increases in population were considered by most cities as evidence of growth and the migrants were welcome. Their crowding into the cities had a reverse effect, however, in that housing and public services became overtaxed. As rural sociologists anticipated, many of the migrants were ill-prepared for city life or nonform jobs. Thus the migrants of that decade contributed to the now-recognized problems of the central cities.

The pilot-county rural development program of the 1950's gave way to the rural area development concept of the 1960's. During the decade between 1960 and 1970, only 32 counties in Alabama lost population as compared to 45 during the previous decade. (Compare maps 1 and 3.) While all of the counties that lost population during the earlier period were rural, two during the latter contained a city of over 50,000. The loss of population from rural areas was only 2.9 percent during the 1960's as compared to 14.3 percent during the 1950's.

In a more positive vein, 35 counties showed an increase in population between 1960 and 1970 compared to only 22 during the previous decade (Compare maps 4 and 2.) Time will not permit an analysis of this apparent reversal of trends. Nearness to "growth centers," industrial development, improved transportation, natural resource development, and aggressive local leadership all played a role. Modest as the improvements have been, they point to further opportunities for rural development.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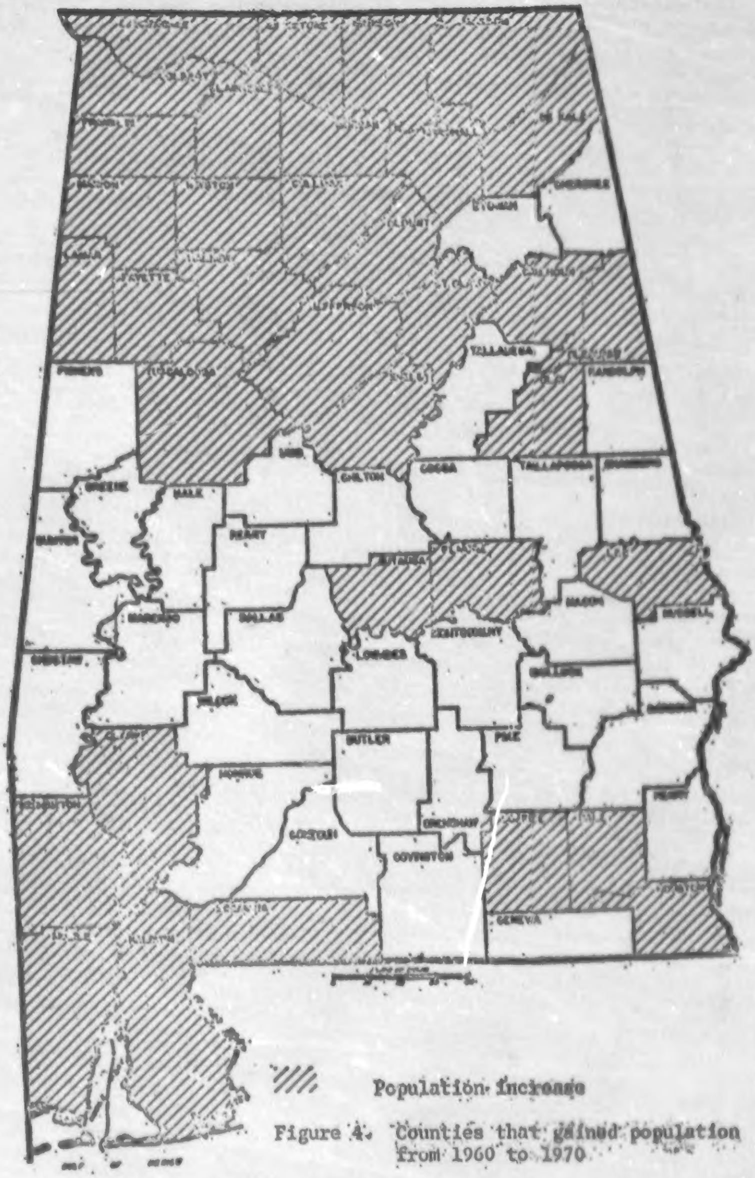
▨ Population decreased

Figure 3. Counties that lost population from 1960 to 1970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▨ Population increase

Figure 4. Counties that gained population from 1960 to 1970

Thus, those of us who have been involved in the rural development effort for 20 years or more were heartened by the appointment of the President's Task Force on Rural Development and the general tone of task force's report entitled "A New Life for the Country." The report aptly defines the purpose of rural development as being, "to create job opportunities, community services, a better quality of living, and an improved social and physical environment in the small cities, towns, villages, and farm communities in rural America." There have been inferences that another purpose is to foster the movement back to the country to reverse the migration to the cities.

The rural counties and small towns of Alabama and other States have room to accommodate innumerable thousands of additional people if job opportunities, services, and other amenities are provided. Although agriculture could assimilate a fair share of these people, it should not be expected to absorb a majority of them. To do so, could recreate or intensify some problems of the past.

If we are to achieve the noble purpose for rural development, a national effort will be required. I have read the statements of many of those who have previously testified before your subcommittee. I subscribe to many of the principles for national commitment that they have advocated including equal distribution of opportunity, land and resource planning, and a balanced national growth policy.

I began my statement with reference to the importance of a strong agriculture as a basic constituent of rural development. Governor Wallace has spoken succinctly of the opportunities for strengthening the agricultural sector and I anticipate that President J. D. Hays will discuss policy opportunities. I will, therefore, restrict my remarks to another part of our land-based economy, namely forestry.

The southern region is recognized as one of the Nation's most important forest-growing regions. In anticipating needs between now and the year 2000, foresters have estimated that production from the South's "third forest" will have to be increased two and one half times. This is a big order. Forest lands are in three principal types of ownership, namely public, private industrial, and private nonindustrial. It is generally conceded that management is available to assure maximum or at least desirable growth and production on public and industrial forest lands. The major problem resides in the private nonindustrial sector.

Alabama may be typical of the region. Our agricultural experiment station forest economist recently studied the situation. He reported that more than 16 million of the State's 21.7 million acres of forest land, or 76.7 percent are held by private, nonindustrial owners. Of the ownerships studied, about one-third owned 60 acres of forest land or less and more than three-fourths owned less than 250 acres. Seventy-one percent of the owners were at least 50 years old and 45 percent were 60 years or older.

Generally when small forest landowners are questioned, they cite such limitations as long-term investments, natural hazards, and expected low returns on investment. At the Tenth Auburn Forestry Forum recently concluded, it was the consensus that some form of public financial incentive will be required if small private landowners are to make the needed contribution toward meeting the Nation's needs for forest products.

I mentioned the earmarked item in the 1971 appropriation for rural development research by the State experiment stations. Time does not permit a discussion of the research that has been initiated. You will find a résumé of the new research undertaken by our experiment station attached as an addendum. Also, in each of your folders you will find representative publications from our experiment station that bear on the problems and opportunities in rural development and agriculture and their interrelations.

ADDENDUM

NEW RURAL DEVELOPMENT RESEARCH PROJECTS, AGRICULTURAL EXPERIMENT STATION, AUBURN UNIVERSITY

1. Title: *Impact of the Expanded Food and Nutrition Education Program on Low-Income Homemakers in Selected Alabama Counties.* This projects will in a sense be an evaluation of a relatively new and large extension program entitled "Expanded Food and Nutrition Education Program." The Cooperative Extension Service is cooperating with the Agricultural Experiment Station in this project.

2. Title: *Socio-Economic Factors Involved in the Performance of Contract Broiler Producers.* The size, importance and location of the broiler industry in Alabama is too well known to require further documentation. It is so important to many rural communities in the State that its loss or curtailment would constitute an economic calamity similar to that occasioned by the closing of the textile mills in Roanoke. This study of the human and economic characteristics associated with success or failure in the broiler business can be of utmost importance.

3. Title: *Effects of Investments in Recreational Resources on Income and Employment in Barbour and Marshall Counties in Alabama.* The general objective is to provide information on the effectiveness of the investments in recreational resources in accelerating local and regional economic growth and alleviating problems of low income, underemployment, and unemployment. Essentially, the research will consist of two case studies involving one County in which a potentially rich recreation producing resource is in its infancy and another where a similar resource is well developed.

4. Title: *Processing and Marketing Technology of Commercially Cultured Catfish.* Catfish farming has been promoted as a new rural industry for the South by many agencies. A survey conducted by the Bureau of Commercial Fisheries revealed that catfish farming was currently one of the fastest growing agricultural enterprises in the South Central United States. Fortunately, considerable prior research has provided some scientific basis for the production aspect of the industry. Problems of quality, processing, and marketing are being recognized that require research attention. This project will attack those problems, paying special attention initially to the critical problem of off-flavors.

5. Title: *Rural Development and the Quality of Life in the Rural South.* This is a regional project on which Experiment Stations of Alabama, Georgia, Louisiana, Mississippi, South Carolina, Tennessee, and Texas are cooperating. It succeeds and will build on two previous regional projects that yielded a great deal of the information useful in rural development in the South.

6. Title: *Development of Human Resource Potentials of Rural Youth in the South and Their Patterns of Mobility.* This is another regional project in which Experiment Stations in Alabama, Georgia, South Carolina, Louisiana, and Texas are cooperating. It is a successor to a former regional project in which high school students were interviewed first as freshmen and again as seniors relative to their aspirations, goals, values, and so forth. The new project proposes to follow these same young people into young adulthood.

DIRECTOR'S COMMENTS

To most of us in the rural South, spring is a common but recurring experience of green fields, azaleas and dogwoods, and singing birds. Yet, 70% of the people in the United States have jammed themselves into the 2% of the land that constitutes the big cities. For many of the latter such things as green fields and clean air have ceased to exist.

The central cities are afflicted with four blights:

Pollution—Factories, cars, buses, utilities, and even homes "spew out their wastes into the water people drink and the air they breathe."

Slum housing and slum living—Rotting houses stand on row after row of bleak asphalt streets. "Individual hopes and pride crumble with the buildings."

Paralyzed transportation—Expressways become clogged by the time they are built. Traffic in downtown areas moves at an agonizingly slow pace.

Crime—Constant accounts of robberies, rapes, and murders have created an air of fear among many city people.

Although there are green fields and fresher air, all is not well in the country. Rural areas have one-third of the nation's people, yet only one-fourth of the income, must educate more than one-third of the young people; endure half of the nation's poverty; and live in 60% of the substandard housing.

To make the future look even darker, the nation's population is expected to increase 50% by the year 2000. This increase equals the combined current population of 42 of the 50 states!

Appalled by the situation, President Nixon last fall appointed a Task Force on Rural Development. The Task Force has now released its report entitled, "A New Life for The Country." The report calls for a movement back to the country to reverse the migration to the cities. It urges Congress to enact tax incentives to encourage new industries to locate in less congested areas.

It emphasizes that government, citizens, and industry can join together in Rural Development partnership that can "create job opportunities, community services, a better quality of living, and an improved social and physical environment in the small cities, towns, villages, and farm communities in rural America."

At the direction of Secretary of Agriculture Hardin, a State-USDA Rural Development Council has been created in each state. Here in Alabama, the Council, under the Chairmanship of Extension's Dr. Fred Robertson, will work for greater opportunities for rural Alabamians.

Senator Humphrey. Dr. Pierce?

STATEMENT OF DR. TRUMAN M. PIERCE, DEAN, SCHOOL OF EDUCATION, AUBURN UNIVERSITY, AUBURN, ALA.

Dr. Pierce. Thank you very much. I appreciate deeply this opportunity of appearing before you. I think you have in your hands a copy of the prepared statement. I also——

Senator Humphrey. All will be printed.

Dr. Pierce. I also prepared a short summary which I had initially though I would present but due to the hour——

Senator Humphrey. Well, run through some of it for us.

Dr. Pierce. Let me just try to summarize the summary.

Senator Humphrey. Please.

Dr. Pierce. The statement deals with what I would choose to call the role of education in the improvement of our rural society. There is some attention to the weaknesses of rural education traditionally in this country, but the major substance of the statement is a listing of 11 suggestions or ideas for the improvement of our rural schools.

The assumption that underlies these suggestions is that any permanent, long-term improvement of rural life has to be based on an adequate educational system. This, I think is true of any other phase of our society.

The 11 points deal with an effort to decide again what we are trying to achieve through rural education. Much of what is written talks about rural youth migrating to urban centers and not being prepared to earn a living in urban centers. This statement recognizes that this is likely to continue, but that in the interests of the entire country, it is time that an adequate education is provided where youth grow up.

The point is also made that the philosophy of hopelessness over the prospect of achieving a satisfactory life in the country should be brought to an end through an educational system which does in fact prepare youth for a rural culture which would be a part of the American culture.

In order to do this, we would need vastly improved curricula. We would really need a new curriculum. Much of what is now done in the rural schools is to prepare youth for college. Many of them do not go to college. I don't depreciate that preparation. We need an adequate vocational component to rural education, a component which we have but it is not adequate.

The point is made in the statement that we are not talking about two separate systems of education but that preparation for college and preparation for the world of work should be interdependent parts of a single system of education.

The need is stressed for new learning structures, new organizational patterns, and further combining of small rural schools, particularly high schools, into larger attendance areas where more adequate programs can be provided.

We need to get a better fix on how well we are doing with the programs we have in our rural schools, as indeed the rest of our schools, for that matter. Any substantial improvement should be based on hard-nosed evaluation of outputs we are getting from our present educational system.

We need a research program on which rural leadership can focus its efforts, that would provide the facts and information necessary for continuously improving rural life and rural education.

I think in some respects the most important point I have tried to make is the last one. We have many educational programs in this country. We have many that affect the rural population. They are not coordinated.

If we found some way to effectively interrelate all of our educational programs—and that includes those for adults, too—we would increase the impact of what we are doing, tremendously.

The suggestion is made that maybe what we need is a superintendent of education who would be this coordinator, rather than a superintendent of schools who is responsible for only the public schools; not a superintendent of education who would control everything, but who would provide the mechanism for the proper relating of all programs to the needs of the communities they serve.

Thank you very much.

Senator HUMPHREY. Dr. Pierce, before you leave, I just want to make this comment: I am very impressed with what you have to say about education, maybe because I am sort of a refugee from the classroom myself, but one thing that has disturbed me about rural education is that those people in education today who are planning curriculum, who are talking education administration, who are the so-called forward thinkers in education, really have no understanding of rural backgrounds.

Dr. PIERCE. Indeed, many do not.

Senator HUMPHREY. It is like the juvenile of today; you can read the New York Times, a great newspaper, day in and day out, and if they can spell farm—f-a-r-m, it would be unusual.

I mean I say this with respect. I say the same thing of most metropolitan papers that circulate around that people read.

The truth is that rural America with the exception of a few of us who want to take on this burden is forgotten. I mean most of the people in government come out of the—go to the great universities, they get a fine, good education and by the time they are through with it, what they knew about rural America has been flushed out and they come back with an entirely different set of values and thinking.

I am not going to condemn it. I don't want to be critical of it. As I have said, I have been mayor of a big city myself. I hope I understand municipal problems, but it is just almost impossible today to find any number of people in government, the field of education and in the field of the media, that know anything at all about agriculture. The only time I ever hear anything about agriculture at home in Minnesota is the 6 a.m. news, 6:00 o'clock in the morning. I guess that is the only time they are supposed to talk about farmers.

I mean you go through the whole day—they run these lousy soap operas and all that sort of trash and they don't even have farm scenes. It has got to be an apartment scene in some highrise. It is as if they have never even seen the country. [Applause.]

Ever so often I get some of these things off my chest. Thanks for listening.

Dr. PIERCE. We appreciate your testimony, too.

Senator CURTIS. May I make a suggestion to the Senator?

I would suggest you quit reading the New York Times. [Applause.]

I will send you a subscription to the Minder, Nebr., Courier and the Kearney County News.

Senator HUMPHREY. The Tribune does pretty well, too, but it doesn't have good circulation. How about the Omaha Herald?

Thank you very much.

(The prepared summary of Dr. Pierce's statement is as follows:)

Dr. PIERCE. Mr. Chairman and members of the subcommittee: I deeply appreciate the opportunity of discussion with you some of the problems of rural education and offering some suggestions concerning possible improvements.

Our country continues to be troubled by serious internal problems and problems of relationships with the rest of the world. We are still struggling to make good on our historic national commitment to giving a fair break to every citizen. Many of our present problems are generated by this commitment and our inability up to this point to make good on it. Substantial solutions to our problems appear to depend upon extending to every citizen the benefits of economic security, good physical and emotional health, opportunities to do work which contributes to the good of society and which permits the individual to feel that he is a useful part of society.

Education for all people of the right kinds and amounts is generally recognized as a necessary condition to achieving the kind of society our national goals dictate. We have not developed that kind of education for any segment of our society. Our success in rural areas and in the ghettoes has been less than satisfactory. The 55 million people who constitute our rural population have never had a fair break in the distribution of educational opportunities.

Much of rural education is not appropriate for the needs to be served. Too much of the curriculum is oriented to college preparation and not enough to preparation for the world of work. Rural schools in general are housed in inferior buildings, their equipment is inadequate, and libraries, curriculum centers, and other learning resources are below minimum requirements. They do not compete successfully for their fair share of the best teaching talent, and often specialists, such as counselors, reading specialists, and others, are not available.

A great deal is known about how to improve education. Tremendous strides have been made in the last decade in the development of new curriculum materials, the discovery of new knowledge about how children learn, in teaching technology, and in organization for learning. Although the problems of rural education are many, we are in a better position to solve these problems than at any other time in history. It should be remembered that our rural schools are an interdependent part of a system of education. They are affected by the rest of the country, and the rest of the country in turn is affected by the products of rural schools who have historically migrated in large numbers to urban centers in search of a better way of life.

With this background in mind, several suggestions follow for improving rural education.

1. The purposes of rural education should be reevaluated and redefined. While we must be realistic in coping with the problem of preparing people for a satisfactory life when they leave the rural environment, the time has come to educate people for remaining in the rural environment. The philosophy of hopelessness over prospects of achieving a satisfactory life outside of urban areas is not tenable.

2. The purposes to be served by rural schools implied above means that sweeping curriculum reform must take place if the proper education is provided. Present general education programs fail dismally to prepare the majority of rural youth for their future lives, especially those who migrate to new environments. A well-integrated education is needed which prepares rural youth for useful citizenship wherever they may live and also an education which prepares them to succeed in the world of work.

3. The staffing patterns of rural schools should be changed markedly. The modern rural school staff should include well prepared specialists in the major curriculum areas, teachers of the handicapped, teachers of the bright and gifted, and specialists in counseling, reading, and health, and others.

4. Vastly improved curriculum materials should be supplied which are comprehensive in coverage. Better libraries and more aids to learning such as television, films, filmstrips, projectors of various kinds and other media, are essential.

5. New learning structures and organizational patterns are needed. Numerous examples can be found of the feasibility of combining two to a half-dozen small high schools into a single, modern educational center which can serve all students better. Greater flexibility should be introduced into the planning and management of learning. Individualized instruction, self learning, and more utilization of learning resources outside the school are needed. New patterns of relationships among students and faculty which will encourage and facilitate learning should be stressed.

6. A substantial expansion of adult education programs is needed. Such programs should be designed to enable functional illiterates to become literate citizens and to acquire the knowledge and skills necessary to earn a satisfactory living.

7. Provision should be made for more effectively evaluating the adequacy of educational programs which are being provided in rural areas, and elsewhere for that matter. The measurement of educational outcomes is a necessary part of improving education.

8. Continuous research should be conducted to determine and evaluate trends in rural life and their significance for educational programs. Such research should provide the facts needed to plan continuously for improvements of rural life and rural education.

9. Rural education should be coordinated with the larger world of which it is a part. The interdependence of all aspects of society has been stressed in this statement. Educational programs must take into account this interdependence and adequately prepare people for appropriate roles within this context.

10. Improvement of rural education in the South requires solutions to problems of school desegregation. Profound changes are underway in schools in the South because of mandated racial desegregation, the impact of which is not clear as yet.

11. Better coordination of all educational opportunities is long overdue, not only in rural areas, but throughout the educational system. There should be a director of education in each school district who has administrative and supervisory responsibilities for all educational programs in the district regardless of their sources of support and present management.

(The complete statement of Dr. Pierce is as follows:)

STATEMENT

Mr. Chairman and Members of the Subcommittee: I appreciate very much the opportunity of appearing before you to discuss rural education and to offer some suggestions on how it may be improved.

Our society continues to be a troubled one in many respects. We are beset by both serious internal problems and those of relationships with the rest of the world which sorely baffle us. The extremes of wealth and poverty about us continue to be questioned severely by the have nots and some of the haves. As a nation we are still trying to make good on our great national heritage of commitment to giving a fair break to every American. Many of our present problems are generated in part by this commitment to a better life for all and our inability up to this point to make good on it. Great unfinished tasks challenge us, tasks which must be completed before the American dream of equal opportunity can be achieved. It does not appear that our ills will be solved until we extend to every citizen the benefits of economic security, good health (physical and emotional), opportunities to do work which contributes to the good of society and which permits him to feel that he is a useful part of society.

Recognition that education for all people of the right amounts and kinds is a necessary condition to achieving this kind of society is so general that the matter will not be elaborated upon here. Only through a suitable educational system can our society become what it should become. Perhaps eventually the discordant elements in society which threaten our way of life may be brought in to their proper interdependent relationships through education.

Problems and issues of rural education cannot be separated from those of education in general. Hence, in this statement educational problems of rural America are viewed as part of the educational problems which face the entire country and its schools. We cannot have systems of education for particular segments of the country or population except as parts of a comprehensive system of education designed to serve all people. This point of view is underscored by the fact that many urban ills and many of the problems of the ghettoes have their origins in inferior educational opportunities for rural youth who left the farms to seek a better life in the cities. There is no way to isolate any segment of the population from the ill effects of poor education for any other segment.

Even though the ratio of urban to rural population continues to increase, the fact is that 55.3 million people lived in the rural areas of this country in 1964. This was 29.1 per cent of the total population. The continued migration of rural people to urban areas is obviously a matter of national concern. The out-migration consists of large numbers of unskilled, semi-illiterate persons who seek better lives in the metropolitan centers of this country. Educational programs available presently and in the past have ill prepared these persons for success in their new environment. Therefore, any consideration of substantially improving rural opportunities for learning must take into account this fact in the educational programs provided. The non-migrant sector of rural population requires special consideration also if their educational needs are to be met. The non-migrants are heavily concentrated in the South, but are not restricted to farms, nor to black people.

The President's Advisory Commission on Rural Poverty reported in 1964 that 13.8 million, or 40.9 per cent, of the total poor population in the United States lived in rural areas. While the rural population constituted 29.1 per cent of the total population, the rural poor population constituted a disproportionate 40.9 per cent of the total poor population. The poverty level of much of rural life is reflected in poor nutrition, poor health conditions, inadequate medical services, substandard housing, and a generally poor outlook on the future. Poor job opportunities exist for many, and preparation for success in the jobs which are available is generally poor. A defeatist psychology often prevails which springs from the belief that the way to a better life is to leave the rural area.

As stated already, more and better education of the right kinds is the avenue to improvement of rural life. However, better education is not the only answer. More and better employment opportunities are a must. Such opportunities do not necessarily come with better education, but they are not likely to come without it. More and better prepared leadership to serve rural areas is greatly needed. This is not likely to come without better educational opportunities. A further need is some system which will permit proper planning and evaluation as a means of improving rural living. Although our concern in this statement is primarily with education, it is not possible to properly consider education out of the context of the environment to which it exists and the people it is to serve.

Our rural population has never had a fair break in the distribution of educational opportunity. This continues to be true even though schools in rural areas and throughout the country in general are better than they have ever been before. The gap between rural schools and other schools, except in the ghettos, continues to be wide.

The school consolidation movement during the first four decades of this century eliminated many small schools. The provision of extensive transportation systems enabled students to attend larger school centers. A considerable number of very large rural schools were developed, often housing twelve grades. These improvements were not followed in most instances with adequate changes in curriculum and teaching. Although better education was offered, it was not good enough for the needs of the times.

Even today much of the educational program in most rural areas is not really that which is most appropriate to the clientele served. A great deal of the curriculum of the typical rural school is oriented too highly to college preparation. Not enough practical education for the world of work is provided. The President's Council on Vocational Education stated that "rural schools have given little attention to the occupational needs of students who migrate to urban centers." The Council might have added that neither was sufficient attention given to the occupational needs of those who remained in rural areas. The Council further states that "rural high schools tend to be too small to offer more than agriculture, home economics, and office education. Most of their students will ultimately seek urban jobs, but have no preparation for urban life. This deficiency has been particularly serious for rural, southern Negroes whose resultant plight can be observed in most large cities of the land."

Studies of rural schools have shown repeatedly that in general housing is inferior, equipment is inadequate, and libraries, curriculum centers and other learning resources are below minimum requirements. The Elementary and Secondary Education Act has helped greatly with some of these problems, but the Act has also made possible improvements in non-rural schools. So, the gap remains.

Rural schools have not in the past and cannot at this time successfully compete for their fair share of the best teaching talent. The system of rewards in education does not encourage the most ambitious and the most promising to choose educational careers in rural areas. Salaries are less, in general, living conditions are not as good, and opportunities for advancement are much more limited. However, this is not to overlook numbers of able teachers who, reared in rural areas, choose to serve their native communities. Many fine teachers have made careers of serving rural schools because this is where their dedication lies.

One other serious deficiency in rural education is the limited number of specialists who are required for schools which are adequate for the needs of today. Among those needed most are counselors, reading specialists, health specialists, and teachers prepared to work with handicapped children and the gifted.

The above is not to say that there are not good rural schools. What is meant is simply that there are not enough good rural schools, nor as many in proportion as can be found in urban areas, excluding the ghettoes.

WAYS OF IMPROVING RURAL EDUCATION

Considerable progress has been made in the past two decades in the development of knowledge and understandings about how to improve schools. New learning materials have been developed and many excellent teaching aids have been created. Furthermore, information on how children learn has been increased. All of these changes add up to much better opportunities for improving schools and doing so rapidly than we have had before. Thus, raising the level of rural education is an easier task than it has ever been, although a very complex one, nevertheless.

Some suggestions on how to improve rural education follow.

1. Rethinking the purposes of rural education is needed. The irrelevance to modern needs of much that goes on in rural schools attests to this need While we must be realistic in coping with the problem of doing what can be done in rural schools to prepare people for a satisfactory life when they leave the rural environment, it is time we educated people also for remaining in the rural environment. The philosophy of hopelessness over prospects of achieving a satisfactory life outside of urban areas is not a tenable one, and it is time the psychology of failure attached to opportunities in rural America is changed. Hence, concern for a redefinition of the functions of rural education is in order.

2. Defensible definitions of the purposes of rural education will mean that sweeping curriculum reform is a must, if the proper education is provided. The present general education fails dismally in preparing the majority of rural youth for their future lives, especially those who migrate to new environments. However, it is not enough to simply concentrate on preparing these youths in fields of vocational endeavor, as important as this is. A well integrated education is needed which prepares rural youth for useful citizenship, wherever they may live, and also an education which prepares them to be successful contributors to the world of work. This kind of an education is not necessarily substantially different for that which is needed for youth who may not migrate. General education and vocational education are both usually inadequate in rural schools. They need to be redeveloped as interdependent parts of a single program.

3. The staffing patterns of rural schools should be changed markedly. Too many of the teachers have similar patterns of training, thus limiting unduly the range of competence of a faculty. Rural schools are in great need of counselors who are adequately prepared to assist youth with whatever problems they may have—ranging as they often do from the emotional to career choice. Other well-prepared specialists are needed in health, reading, teaching the handicapped, teaching the bright and gifted, and in the major subject matter areas. The staff of the modern rural school should be composed of a group of specialists who have proper assistance from persons of lower levels of professional preparation.

4. Rural education to be adequate requires vastly improved curriculum materials of all kinds. The oft-discussed explosion of knowledge makes it almost mandatory that modern schools have larger libraries and that other aids to learning be provided, such as television, films, filmstrips, projectors of various kinds, and other media. Needed learning resources also include better buildings designed for modern teaching and which offer more adequate equipment.

5. The education programs needed for rural development today call for new structures and new organizational patterns. There are still far too many small schools in rural areas, particularly high schools. Numerous examples can be found of the feasibility of combining from two to a half-dozen small high schools into a single modern educational center which can serve all students better. Furthermore, greater flexibility needs to be introduced into the planning and management of learning within the instructional center. Individualized instruction, self learning and more utilization of learning resources outside the school are needed. New patterns of relationships among students and faculty which will encourage and facilitate learning should be encouraged.

6. A great expansion of adult education opportunities is needed. While beginnings have been made in this respect, much remains to be done. In some rural areas as much as half of the adult population is functionally illiterate. Programs should be provided as rapidly as possible for all functional illiterates which will prepare them to serve as literate citizens, and provide them with vocational education which will make it possible for them to earn a satisfactory living. Adult education programs should also make provision for recreational outlets and the developments of hobbies.

7. Provision should be made for more effectively determining the adequacy of educational programs which are being provided in rural areas. We simply do not know enough about how well rural education programs are serving their purposes, or other educational programs for that matter. A system of appropriate measurement of educational outcomes is essential for the continuous improvement of education.

8. Provision should be made for the continuous study of trends in rural life and their significance for educational programs. Such research should provide the factual base for continuous planning designed to improve rural life and rural education.

9. The importance of coordinating rural education with the larger world cannot be overstressed. The isolation of rural life appears to be more of a myth than a fact today. The interdependence of all aspects of society has been stressed continuously in this statement. Educational programs must take into account this interdependence and adequately prepare people for appropriate roles within this context. Educational needs in rural areas are affected by those of the larger world of which the rural area is a part. One of the great problems of education everywhere today is to help people to develop proper perspective in relation to their place in the larger world.

10. The improvement of rural education in the South requires solutions to problems of school desegregation. These problems in many respects are more pronounced in rural areas than elsewhere. Profound changes are underway in schools in the South because of mandated racial desegregation. The impact of these changes is not clear at this time, although much of the impact to date has been reflected in a deteriorating quality of education. This outcome need not continue, and efforts to improve rural schools in the southern states must take these conditions into account.

11. Better coordination of all educational opportunities is long overdue, not only in rural areas, but throughout the educational system. There should be a director of education in each school district who has administrative and supervisory responsibilities for all educational programs in the district, regardless of their source of support and present management. This would include the regular school program, the agricultural extension service, the 4–H programs, the vocational-technical education programs, the junior college programs, the area vocational schools program, adult education programs, and all other formal learning opportunities provided in the district. The failure to achieve such coordination has long minimized the impact of the various programs made available. This does not mean control by one agency. New structures should be generated to provide for a well-planned and unified educational system to serve the needs of all the people of a school district. Perhaps the superintendent of schools should become the superintendent of education and be made responsible for this coordination.

I can think of no better note on which to end this statement than to refer once more to our national commitment with respect to equality of opportunity for all persons regardless of social, cultural, racial, and economic backgrounds. We have found no more promising way to achieve such a dream, except that an adequate educational opportunity for each individual be provided. This is what we are about in this hearing today, in my opinion. In giving attention to the rural segment of the problem, we would especially urge that efforts be directed to overcoming the effects of long periods of deprivation in rural education and to the development of an educational system which will do much to generate a self-sustaining rural culture in America which is not concerned primarily with supplying population for the rest of the American culture.

Thank you.

Senator Humphrey. All right. Next we want to have Mr. J. F. Watkins, who, I believe, is our next witness.

Mayor J. C. Davis.

STATEMENT OF J. C. DAVIS, JR., PRESIDENT, ALABAMA LEAGUE OF MUNICIPALITIES, AND MAYOR, CHICKASAW, ALA.; AND JOHN F. WATKINS, EXECUTIVE DIRECTOR, ALABAMA LEAGUE OF MUNICIPALITIES, MONTGOMERY, ALA.

Mayor Davis. I have with me Mr. John Watkins, Executive Director of our Alabama League of Municipalities.

Senator Humphrey. How do you do? Mayor Davis, we welcome you. I was up to see some of your friends in Tennessee the other day. Mr. Watkins, I saw Herbert Bingham up there and had a nice visit with him.

Mr. Watkins. A real fine leader.

Mayor Davis. Mr. Chairman, Senator Curtis, Senator Talmadge, Senator Allen, on behalf of the municipal officials of Alabama, allow me to express our thanks to you and the members of your subcommittee for coming to our State, and for your interest and concern for the welfare and progress of the small cities and towns of Alabama and the Nation. We are particularly grateful to you for including the Alabama League of Municipalities on the program. We sincerely hope that we will be able to contribute worthy material for consideration by the committee in its efforts to balance economic and social progress between rural and urban America.

Allow me to begin by briefly identifying the purposes and functions of our organization. The Alabama League of Municipalities is a voluntary association of cities and towns, representing 321 of Alabama's 391 incorporated municipalities. Roughly, 60 percent of the State's total population resides within the boundaries of our incorporated cities and towns, and the membership of the league serves well over 90 percent of Alabama's urban population.

Gentlemen, I am going to skip in the essence of time to page 2, about the middle.

At the outset of our testimony, we wish to emphasize to the committee that it has not been the policy of the Alabama League of Municipalities or its national counterpart, the National League of Cities, to ever interfere with farm legislation at the national or State level. We recognize that our Nation is dependent on a healthy agricultural economy, for Alabama has long been an agricultural State. It has not been until recent years that we have made progress toward any widespread industrialization in Alabama.

At this point, I would request members of the committee to try to adopt the perspective of the financially hard-pressed municipal officials of Alabama, and to view the problems of our State from our standpoint. We would call attention to the following breakdown of Alabama municipalities by population:

There are 16 municipalities with more than 20,000 population, 16 range between 10,000 and 20,000 population. 37 have populations between 5,000 and 10,000, 72 range between 2,000 and 5,000, 45 have populations between 1,000 and 2,000, and 205 incorporated municipalities in Alabama have populations of less than 1,000.

We would like to point out that by the definitions used in compiling the 1970 U.S. census, the majority of the incorporated municipalities in Alabama are classified as rural. The census confined its urban count to places of 2,500 inhabitants or more, whether incorporated or unincorporated. All other populations are classified as rural. In Alabama, we have 141 incorporated municipalities with populations in excess of 2,000, and 250 incorporated municipalities with populations of less than 2,000. Yet these 250 small towns in Alabama, classified as rural by the U.S. census, provide the advantages of urban services and protections to their constituents and further provide the discipline and planning that is so necessary for orderly community growth. They also have, under Alabama law, far-reaching authority to stimulate the location of industry. Furthermore, as I have already mentioned, our small towns have consistently shared the same problems and the same needs as those of the larger cities of Alabama.

In terms of growth, the 1970 census revealed some interesting statistics regarding Alabama municipalities. Of our six cities having more than 50,000 population, four lost population during the past decade. Of the six cities having between 30,000 and 50,000 inhabitants, four gained population and two lost population. We have 16 cities with populations between 12,000 and 30,000; of these, eight gained and eight lost. Of eight cities between 9,000 and 12,000 population, only two failed to show substantial gains; of the 23 cities between 6,000 and 9,000 population, all but six showed gains; of the 38 cities between 3,000 and 6,000 population, 32 gained and six lost; and of the 62 municipalities between 1,500 and 3,000 population, 48 gained and only 14 lost.

Senator CURTIS. By "municipality," you mean a town or a city?

Mayor DAVIS. Incorporated city.

The growth patterns revealed in these figures were not confined to particular areas of the State. Regardless of the size of the municipalities, the pattern of gains and losses in population prevailed throughout the State.

Thus, it appears that the growth of Alabama's municipalities under 15,000 population, has for the most part been healthy. This is not in keeping with the nationwide trend of an exodus from the small communities to the metropolitan centers. As a matter of fact, we can conclude from these figures that most of our larger metropolitan centers in Alabama have suffered losses in revenue-producing population, while our smaller municipalities are confronted with a great need for public improvements to provide essential services for their growing populations.

Our municipalities of all sizes are blessed with a broad range of powers delegated to them by the legislature, and we are proud of the fact that our State stands very high in the southwest region for the number of its cities and towns having certified workable programs with the Department of Housing and Urban Development.

In addition, Alabama municipalities have the authority to establish industrial parks, to finance industrial development projects, and to create industrial development corporations.

Senator Curtis, we were particularly happy to hear your remark about your recommendation of raising this from $5 million to $10 million.

Gentlemen, we did not include this in our packet; but since this came up several times this afternoon, we would like to add this for your information.

(The article is as follows:)

[From the Alabama Municipal Journal, January 1969]

SOURCES OF ASSISTANCE FOR MUNICIPAL PROMOTION OF INDUSTRY

(By John T. Reid, mayor of Scottsboro)

From time to time municipal officials have asked "What can my city do to promote commercial and industrial development in our area?" As Chairman of our League Committee on Community Development it has been my pleasure to offer suggestions which we at Scottsboro have found helpful in this quest. So far we have touched principally on the subject of how to locate industrial prospects and to follow up these contacts. There is another very vital area with which every municipal official should be thoroughly familiar—I speak of sources of assistance for municipal promotion of industry. These sources of assistance include statutory powers such as the Wallace and Cater Acts, Tax Exemptions, Special Constitutional Amendments, Municipal Authority to Advertise, Federal Assistance through the Economic Development Administration and the Small Business Administration, County Assistance, and assistance from the State with site preparations.

It goes without saying that every municipal official interested in procuring industry for his municipality should be thoroughly familiar with these sources of assistance before locating a prospect in order that his city will be in a position to move in the direction most convenient and expedient for the city and the prospect. It is good to be able to sit down with the prospect and outline the things that the city or town is able to provide without delaying negotiations. I hope very much that the following résumé will prove helpful in this respect.

The importance of the municipal governing body in accomplishing the industrialization of our State is emphasized by the fact that our statutes and constitutional amendments focus responsibility upon our cities and towns.

CONGRESS LIMITS PROJECTS

Before entering upon our resume of sources of assistance it should be observed that during the 2nd Session of the 90th Congress last year a Public Law was passed which limits the size of projects which can be financed with tax free industrial revenue bonds by cities and towns. The limit is five million dollars over a given period of time. While this will certainly pose an obstacle to us in the attraction of large industries which require heavy capitalization, it should not be regarded as a deterrent to the use of Wallace and Cater Act projects, and projects under special constitutional amendments, for the attraction of smaller industries which do not require more than this Congressional limit of 5 million dollars. Every municipality should check to determine what its present capabilities are for the use of industrial revenue financing in view of this limitation before sitting at the table with an industrial prospect.

DEVELOPMENT CORPORATIONS

In 1949 the Legislature adopted our statute which is popularly known as the "Cater Act." The provisions of this Act may be found in Title 37, Sections 815–830, Code of Alabama, 1958 Recompiled Edition. It authorizes the creation of a public corporation in each municipality to promote trade and industry and further the use of agricultural products and natural resources of the state by inducing new manufacturing projects in the state. Such corporations are authorized to acquire, enlarge, improve, expand, own, lease and dispose of properties for this purpose. The term "Project" is defined to include the following:

"Any land and any building or other improvement thereon, and all real and personal properties deemed necessary in connection therewith, whether or not now in existence, which shall be suitable for use by the following or any combination of two or more thereof: Any industry for the manufacturing, processing or assembling of any agricultural, manufactured or mineral products; and any commercial enterprise in storing, warehousing, distributing or selling any products of agriculture, mining, or industry; and any enterprise for research in connection with any of the foregoing, or for the purpose of developing new products or new processes, or improving existing products or known processes, or for the purpose of aiding in the development of facilities for the exploration of outer space or promoting the national defense; but does not include facilities designed for the sale or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities."

FORMATION OF CORPORATION

The Cater Act industrial development corporation is authorized to be formed in the following manner: First, three or more natural persons who are electors and taxpayers in the municipality file written application with the municipal governing body requesting permission to incorporate an industrial development board of the city or town pursuant to the provisions of Act No. 648, Regular Session of the 1949 Legislature, as amended by Act N. 854 of the Regular Session of the 1953 Legislature. It is customary for the application to set out the proposed name of the corporation as "The Industrial Development Board of the City (Town) of ________________," and also to accompany the application with a copy of the proposed certificate of incorporation. Next, the municipal governing body adopts a formal resolution approving the application and extending the permission to incorporate. The petitioners then take the certificate of incorporation, which they subscribe and acknowledge, and file it with the probate judge of any county in which a portion of the municipality is located. When the probate judge approves and files this certificate in the incorporation records of his office the corporation is legally formed.

When the corporation is thus formed the municipal governing body then appoints not less than seven qualified electors and taxpayers of the municipality to serve as directors of the corporation. As nearly as possible they are divided into three groups for appointment to staggered terms of two, four and six years respectively. Thereafter the terms of directors are for six years.

POWERS OF CORPORATION

Cater Act corporations are authorized to finance, construct, and equip one or more "projects" and are recognized as separate legal entities apart from the municipality. Projects are financed through the issuance of revenue bonds which may be payable not only from revenue of the project being financed but also revenues from other projects and properties of the board. Bonds of the board may be made payable over a period of 40 years, and there is no restriction upon the length of time the project may be leased to an industry. While it is customary, the Act does not require the board to enter a prebond issue lease agreement with the industrial lessee. After the project is completed and the lessee is settled the board may later engage in another project calling for the extension of the original project without fear of constitutional restrictions. See Amendment No. CVIII to the Constitution by Alabama 1901. Lease agreements entered by the board with its lessee may contain options to renew and options to purchase for either a nominal or substantial consideration, also without fear of constitutional restriction. The board is given statutory authority to sell or donate any or all of its properties whenever its board of directors determines that such action will further the purposes of the corporation.

Since the Cater Act was originally adopted, corporations created under its authority have by amendment been authorized to *construct* projects, and they have been authorized to borrow funds for temporary use pending the issuance of their principal bond issues, and their jurisdiction has been extended to include areas located within 25 miles of the corporate limits of the municipality, with the provision that projects may not be constructed within the corporate limits of another municipality or in the police jurisdiction of another municipality without the consent of such municipality, and if the project is in another county, the board must have the consent of the county governing body.

TAX EXEMPTIONS

By statutory provision the properties acquired by a Cater Act corporation are exempt from ad valorem taxes and the bonds of such corporations (together with the income therefrom) are exempt from property and income taxes of the State.

As we have observed, the interest income from bonds issued to finance such projects is exempt from Federal income taxes, provided the bonds meet the test of the public law adopted by Congress in its Second Session of the 90th Congress, which limits the amount of bonds that may be issued by the municipality for industrial revenue financing to $5 million.

It should be observed that rental payments made by the lessee of such projects are deductible in computation of state and Federal income taxes, subject to the caution below.

CAUTION ABOUT CATER ACT

Caution should be used if the Cater Act lease contains an option to purchase at the termination of the lease. If the lease contains an option to purchase for a nominal consideration the Internal Revenue Service might deem it a lease sale agreement. If such be the case the deductibility of the lessee's rent and the tax-free character of the bond issue (together with bond interest) might be jeopardized. In any event, approval of such an option to purchase in the lease should be obtained from IRS before final closing.

SBA ASSISTANCE

Businesses organized through Cater Act financing are eligible for loans through the Small Business Administration, provided such businesses meet the test of the small business definition. Further, it should be observed that the Small Business Administration is available to help small businesses of the community, whether they are organized and financed through the Cater Act or not. Also, the Small Business Administration has a new program of lease guaranty for business rental purposes, where the business lessee might not be able to establish the type credit necessary to enter into a long-term lease of properties which will be used to increase the commercial establishments located in the city. Further, the Small Business Administration is able to assist small businesses with free management assistance and technical aid. It is in the best interest of every municipality to contact the Small Business Administration, 908 S. 20th Street, Birmingham, Alabama 35205, attention Mr. Paul Brunson, State director, for a resume of information outlining assistance available through SBA.

THE WALLACE ACT

In 1951 the Legislature adopted the Wallace Act (Ttitle 37, Sections 511(20)-511(32), Code of Alabama, 1958 Recompiled Edition) to authorize cities and towns to promote industry and trade by the acquisition and financing of manufacturing, industrial and commercial projects for lease to industrial and commercial interests. The term "projects" as used in the Wallace Act is the same as that used in the Cater Act. In the case of *Newberry* v. *Andalusia*, 57 So. 2d 629, the Supreme Court of Alabama not only upheld the constitutionality of the Wallace Act, but also held that the Act provides authority for the municipality to equip and furnish such projects.

The municipality is not limited to projects within its corporate bounds. The Wallace Act authorizes it to acquire projects within fifteen miles of its corporate limits.

Instead of working through a separate corporate entity, such as the Cater Act corporation, the municipal governing body acts directly under the Wallace Act. Upon finding an industrial prospect the governing body adopts a resolution stating its willingness to provide a project under the terms of the Act and then enters a contract with the prospect, the latter agreeing to lease the project. Prior to issuing revenue bonds to finance the project the municipality is required to enter into a firm lease agreement with the industrial prospect, conditioned upon completion of the project and providing for payment to the municipality of such rentals as, based upon its determinations and findings, will be sufficient to pay the principal and interest on the bonds, to maintain necessary reserves, and to provide for maintenance and insurance (unless the lease requires the lessee to maintain and insure).

WALLACE ACT BONDS

Wallace Act bonds may be made payable over a period of 30 years and may be sold at public or private sale. They may be secured by pledge or rental revenues, mortgage of the project, and pledge of the lease. The municipality is forbidden to contribute any part of the costs of acquiring a project. Costs of the project must be raised from the sale of bonds pursuant to the Act. The indebtedness created by such bond issues is not chargeable against the municipal debt limit and is not regarded as a debt chargeable against the taxing powers of the municipality.

Projects constructed and financed under the Wallace Act, being property of the municipality, are free from all ad valorem taxation. The bonds (and interest therefrom) are free from State property and income taxation. Also, the interest from Wallace Act bonds is free from Federal income taxation, provided they meet the limitations prescribed by Congress which limit the total amount of tax-free industrial revenue bonds to $5 million within the prescribed period of time, because they are obligations of a political subdivision of the State. Furthermore, Wallace Act bonds are made legal investments for savings banks and insurance companies organized under Alabama law.

As in the case of the Cater Act corporation, rents paid by the lessee are deductible expenses for income tax purposes.

WALLACE ACT LIMITS

There are several factors which must be considered as limiting the use of the Wallace Act. The municipality may not give the lessee an option to purchase for a nominal consideration upon the termination of the lease, and doubt has been expressed as to whether the municipality may lease the project (including options for renewal) for a period of longer than thirty years.

READY TO USE EITHER

Generally the industrial prospect will make the final decision as to which of these Acts will be used to finance the project it is to lease. This being the case every municipality which is seeking new industry should establish a Cater Act corporation to have it available should the prospect wish to proceed under its authority. As a matter of fact, records show that the Cater Act has been preferred in most industrial financing projects.

HELP FOR EXISTING INDUSTRY

Neither the Cater nor the Wallace Act was intended to favor outside or new industries in preference to the expansion of industries existing in the municipality. Both Acts may be used to expand established local industries, and, as we have noted, both Acts may be used to expand an industry which is leasing an existing Cater Act project.

AUTHORITY TO ADVERTISE

By Act No. 869 of the 1963 Legislature all municipalities in Alabama are authorized to enter into contracts or agreements with any persons, firms or corporations for the advertisement of the municipality or any function or undertaking of the municipality both within and without the corporate limits. In so doing a recognized medium of advertising must be used. The costs of such advertising are made legal charges against available municipal funds.

AUTHORITY TO PROMOTE

Act No. 300 of the Special Session of the 1961 Legislature authorizes every municipality in Alabama to set aside, appropriate and use municipal funds or revenues for the purpose of developing, advertising, and promoting the agricultural, mineral, timber, water, labor and all other resources of every kind within its police jurisdiction and for the purpose of locating and promoting agricultural industrial, and manufacturing plants, factories, and other industries within the municipality, or elsewhere insiue the county not more than 15 miles from the boundaries of the municipality.

POWER TO SELL OR LEASE

In 1953 the Legislature adopted the provisions found in Title 37, Section 477(1) and 477(2), Code of Alabama, 1958 Recompiled Edition. These sections provide authority for the municipality to sell or lease real estate belonging to it, which is no longer needed for public or municipal purposes. While property sold under the authority of these sections must be sold for an adequate consideration, in several instances municipalities have sold such property to Cater Act corporations for industrial development purposes.

It should be noted that the Attorney General has ruled that our cities and towns have the authority to appropriate funds to Cater Act corporations and to deed property to such corporations for a nominal consideration. It is advised that each municipality get an opinion from the Attorney General whenever such a grant or appropriation is made.

The municipality may not put any of its money or property into a Wallace Act project. Wallace Act projects must be financed wholly through the funds derived from the sale of bonds to finance the project.

SPECIAL AMENDMENTS

Since 1950 the people of Alabama have ratified 28 constitutional amendments which confer special powers upon specific counties and municipalities to tax, issue bonds, construct industrial projects, and enter into special industrial development activities. All of these amendments except one require an election at the county or municipal level before exercising such powers. The one exception is Amendment No. 84, relating to municipalities located in Marion County, the first of the series adopted in 1950. The other amendments are as follows: Amendment No. 94, relating to municipalities in Fayette County; Amendment No. 95, relating to municipalities located in Blount County; Amendment No. 104, relating to the municipalities of Haleyville and Double Springs; Amendment No. 128, relating to Bullock County; Amendment No. 155, relating to the municipality of Uniontown; Amendment No. 166, relating to Chilton County (trade school and industrial development); Amendment No. 174, relating to Jackson County (trade school and industrial development); Amendment No. 183, relating to Autauga County and municipalities located therein; Amendment No. 186, relating to Franklin County and municipalities located therein; Amendment No. 188, relating to Green County and municipalities located therein; Amendment No. 189, relating to Lamar County and municipalities located therein; Amendment No. 190, relating to Lawrence County and municipalities located therein; Amendment No. 191, relating to Madison County and the City of Huntsville; Amendment No. 197, relating to St. Clair County and municipalities located therein; Amendment No. 217, relating to Clarke County; Amendment No. 220, relating to the City of Bayou La Batre; Amendment No. 221, relating to the City of York; Amendment No. 228, relating to industrial revenue bonds not included in debt limit; Amendment No. 244, relating to the Town of Lester; Amendment No. 245, relating to Madison County and Huntsville; Amendment No. 246, providing that Marion County municipalities may issue refunding bonds for industrial development; Amendment No. 250, relating to Sumter County; Amendment No. 251, relating to the City of Livingston; Amendment No. 256, relating to the towns of Addison and Lynn; Amendment No. 259, relating to the City of Evergreen; Amendment No. 261, relating to the City of Bayou La Batre; Amendment No. 263, relating to municipalities in Geneva County; Amendment No. 277, relating to the Town of Carbon Hill.

While these amendments have been used in several instances there is a natural reluctance toward the subsidization of industry with tax money and the general credit of the municipality or county. In most instances the Wallace and Cater Acts provide ample assistance for the attraction of a desirable industry. This has been evidenced by the wide use of the two acts.

COUNTY ASSISTANCE

While we have noted the prime responsibility for industrial promotion has been cast upon our cities and towns, it should be noted that our counties can render valuable assistance in locating new industries. In an opinion to Hon. John B. Hadley, dated December 12, 1961, the Attorney General ruled that a county commission may appropriate funds to a municipality in the county to be used in the development, advertisement and promoting of resources in the area, and for the purpose of locating and promoting factories and industrial plants therein. Title 12, Section 12(22), Code of Alabama, 1958 Recompiled Edition, was cited as authority for this opinion. On the basis of this same authority another opinion was rendered to Hon. H. W. Sudduth, dated January 25, 1962, ruling that a county may enter into a joint agreement with one of its municipalities to contract with a planning consultant for the formulation of a comprehensive general plan for the municipality and county, consisting among other things of a basic study of the population and economy, economic analysis of the central business area, and maps showing basic physical data important in locating industries in the county.

GROWING PROBLEMS

One of the biggest problems confronting future industrial expansions is the procurement of proper industrial sites. Under the Wallace and Cater Acts our municipalities and their industrial development corporations do not have the power to condemn industrial sites for their projects. In many municipalities this has already become one of the foremost obstacles to industrial expansion, and as the state becomes more and more industrialized it will become more acute. It should be observed here that Cater Act corporations have the authority to purchase industrial sites for future development if they can arrange the financing of such acquisitions. Also, the municipality can control the use to which property within its corporate limits and police jurisdiction may be devoted through the adoption of comprehensive land use plans and zoning regulations. In this connection a close liaison should be maintained between the municipality and the industrial development corporation, and the municipal planning commission.

INDUSTRIAL PARKS

It is certainly best for all municipalities to endeavor to establish an industrial park which will be ready for the prospect before it is found. Our municipalities do not have authority to establish industrial parks, but industrial development corporations created under the Cater Act do have this authority. As we have noted, the Attorney General has ruled and will give an opinion to the effect that the municipality may grant land to industrial development corporations and make appropriations to such industrial development corporations for this purpose. It is recommended that the maunicipality get an opinion from the Attorney General before making any such grants or appropriations; however, there is a long list of Attorney General's opinions upholding this position.

In the establishment of an industrial park in economically depressed counties, there is always the possibility of receiving grants or loans from the Economic Development Administration to assist with such work. There is no definitely established right of the municipalities for such assistance, but if the occasion warrants it, there is a strong possibility of receiving further assistance, and certainly it would not hurt to ask. Further, many of our municipalities are establishing industrial parks on vacant lands adjacent to their airports which are not needed for airport purposes. In planning an industrial park, there is also the possibility of receiving assistance from the State Planning and Industrial Development Board and the State Department of Aeronautics. We have noted the possibility of assistance from the State Industrial Board for plant site preparation. These should not be overlooked even though assistance from these agencies may not be available at the time requested.

SPECIAL TAX EXEMPTIONS

For the purpose of encouraging the building, extending and operation of certain plants, industries and factories in the state, municipal and county governing bodies are authorized to remit the ad valorem taxes assessed for all county and municipal purposes (except for school districts) for a period of ten years. The list of types of industry included in this authority is too long to include in this article but is found in Title 51, Section 3, Code of Alabama. A similar provision is found in Title 51, Section 6, Code of Alabama, relating to exemptions from State ad valorem taxes.

It should be noted that exemptions from taxation are strictly construed and must be narrowly followed. In order to obtain the benefits of these sections the industry must make application for such exemptions to the municipal governing body, the county governing body, and the State Department of Revenue, respectively, before the completion of the plant, industry or extension. Whether or not such exemptions are to be granted is left to the discretion of the municipal governing body, the county governing body, and the Department of Revenue.

STATE ASSISTANCE

The State Industrial Development Board has as its prime objective the establishment and expansion of industry in Alabama. It is set up to render invaluable aid to our cities and towns in their quest for new industries. Individual studies are conducted for municipalities by the Department and valuable data is collected and printed in attractive brochures which inform prospective industries of the advantages offered by the municipality. Even more important, the Department is relentless in its pursuit of prospective new industries. A close working relationship between our municipalities and the Department should produce a remarkable growth throughout Alabama during the next few years.

As noted in the foregoing paragraphs under Industrial Parks, special funds have been provided through the State Industrial Development Board to assist with the preparation of sites for industrial development projects. Municipalities which have a hot industrial prospect should confer with the Director of this State board, Hon. Ed Mitchell, to determine whether or not the State will be able to assist in the preparation of the plant site when negotiations are under way.

ECONOMIC DEVELOPMENT ADMINISTRATION

Special assistance is available to municipalities located in economically depressed counties through the Economic Development Administration of the Department of Commerce. The State Director of EDA in Alabama is Mr. John Bagwell, whose office is located at 474 South Court Street in Montgomery, Alabama. In view of the fact that a special article is provided in this issue of the *Journal* outlining the assistance available through EDA, we shall not endeavor to cover the assistance which may be sought from that source. But I highly recommend that every municipal official be familiar with the assistance which may be obtained from this source.

ATTORNEY GENERAL'S OPINIONS

The Attorney General of Alabama has rendered a number of opinions relating to the authority of municipalities with regard to industrial development. Special attention is called to the following:

A municipality may grant an industry an option to renew its lease under the Wallace Act at a nominal consideration after the bonds have been paid, but this does not give the municipality the authority to grant the industry an option to purchase for a nominal consideration. To Pleas Looney 5/6/57.

A municipality may not invest its surplus funds in revenue bonds issued pursuant to the Wallace Act. To Grover Bice 6/5/57.

A municipality is not authorized under the Wallace Act to construct an agricultural center or coliseum secured by rentals from governmental units. To Roy Driggers 7/19/57.

Where a municipality has constructed projects under the Wallace Act it may not give a lessee an option to purchase prior to the expiration of the lease and prior to the amortization of the bond issue. Time or option to purchase must be conditioned on prepayment of all outstanding bonds against the project. To Pleas Looney 8/5/57.

A municipality cannot exercise the power of eminent domain to procure property for Wallace Act projects. To Phil Lightfoot 8/21/58.

The Cater Act exempts all properties at any time owned by a Cater Act industrial development board from all taxation, and this includes income from such properties. To Gladys Gunter 5/12/59.

Industrial Development Boards created under the Cater Act may file the mortgage securing its bonds for record in the probate judge's office without paying mortgage tax levied under Title 51, Section 619. To Hollis Jackson 7/2/59.

The State Planning and Industrial Development Board may provide funds to assist municipalities in planning by the employment of private planning consultants. To G. V. Dismukes 8/7/59.

A municipality cannot condemn property for industrial development purposes without special statutory authority and the Legislature has not provided such authority. To Jerome Levy 8/9/61.

A Cater Act corporation may construct and lease projects within and without the corporate limits of the municipality. To Leland Enzor 11/8/61.

A Cater Act corporation may borrow money by issuing notes secured by mortgage. To M. N. Brown 9/4/61.

The Wallace Act may not be used for the construction of a hotel. But see Special Act 108, 1962 Special Session, and Act 4 of the 1956 Session. To Fate Calton 9/4/61.

Members of municipal industrial development boards are municipal officers. A member of the municipal housing authority may not be a member of a Cater Act industrial development board. To David Enslen 9/12/61.

A municipality may not purchase and develop land to be used as an industrial park for the purpose of promoting industrial development. Act No. 300 of the 1961 Special Session which authorizes municipalities to appropriate funds for the purpose of developing, advertising and promoting agricultural, mineral, timber, water, labor and other resources is not broad enough to authorize municipality to expend public money to purchase and develop an industrial park for the purpose of selling, leasing or giving a project to industrial interests. To Arnold Teks 7/12/63.

The City of Jackson is authorized to contribute municipal funds to the industrial development board of the city. Act 869 of the 1953 Legislature authorizes municipalities to advertise any of its functions and undertakings both within and without the municipality, and Act 300 of the 1961 Special Session authorizes municipalities to use their funds to promote industrial development, within the municipality and within 15 miles of the municipality. To John Adams 12/17/63.

A municipality cannot expend funds for construction of a building for lease to small business. To E. K. Hanby 4/19/60.

There is no statutory authority in Alabama for the establishment of industrial parks. To A. C. Thorington 9/28/60.

In conclusion, the municipality interested in industrial development might use the following check-off list to make sure it has not overlooked items:

1. Establish an incorporated industrial development board under the provisions of the Cater Act.
2. Appoint a Council Committee on Industrial Development which will stimulate interest of all persons in the community, especially existing industries, and maintain contact with them relating to the importance of attracting new business.
3. Be familiar with the provisions of the Wallace Act.
4. Contact the Economic Development Administration for brochures and information on assistance available from that source.
5. Contact the Small Business Administration for information on assistance available through that source.
6. Invite the Director of the State Planning and Industrial Development Board to send a representative who will explain the services available through the State and relating to the possibility of preparing a brochure on the municipality and your region for different types of industries.
7. If your city has a Chamber of Commerce, maintain a close working relationship with the Chamber; if you do not have a Chamber and your city is large enough, consider strongly the possibility of establishing a Chamber; if your municipality is small and you are located in a region near a large municipality which has a Chamber, consider the possibility of establishing a Regional Chamber.
8. Work closely together with other municipalities and your county toward regional promotion of industrial development.
9. Study ways of promoting tourism and developing the recreational potential in your area.

10. Lastly, impress on all members of the Council and local businessmen the importance of meeting people away from your city and discussing with them the assets of your community and area—it might just be that the person you are talking to will be looking for a community like yours in which to locate.

Mayor DAVIS. Approximately 30 municipalities are authorized by special constitutional amendments to pledge tax revenue as security for industrial development projects. These powers have been broadly used and to a large extent have been a salvation for the smaller municipalities in Alabama. The greatest problem facing our State is the relatively low per capita income of our people. This means less revenue from tax sources and points to the need for more industries involving skilled workmen, which, in turn, points to the need for more and better technical training facilities and venture capital.

We are happy to observe that under Governor Wallace's administration great strides are being made toward the solution of these problems.

From the foregoing, it is apparent that the primary need confronting cities and towns of all sizes is the absolute necessity for more revenue with which to provide the public facilities necessary to accommodate housing and industrial programs. For this reason the Alabama League of Municipalities and all its membership wholeheartedly endorse President Nixon's general revenue-sharing proposal that was formulated in a bipartisan manner by organizations representing all levels of government. At the same time, the League withholds its support of special revenue-sharing proposals; instead, we recommend the continuance of the well-established categorical grant programs.

In particular, our organization is strongly opposed to any revenue-sharing proposal that would deny the direct sharing of revenues with all incorporated municipalities, regardless of size. We see no logical reason for categorizing municipalities according to size for revenue sharing purposes—the need of the small municipality is just as great as the need of the large municipality, the only difference being one of magnitude.

Senator HUMPHREY. I hope you will pound away at that because there is some effort being made as you know, now, on this. I agree with you, our rural development program would be seriously injured if this is made on the basis of a certain population standard and even putting factors in it other than population. I think you have just got to have a formula that covers right down to the smallest town.

Mayor DAVIS. In the same vein, it is our feeling that all Federal assistance programs for community development should require that such programs should be carried out in conjunction with established incorporated municipalities. We have great fear of programs which would promote community development in rural areas where there is no means of protecting the inhabitants or of regulating growth and construction. We also have a great fear of programs which provide for construction of water systems in unincorporated rural areas. Such developments could lead to dire problems of sanitation. We fear that this type of rural development will do nothing more than promote uncontrolled and unregulated urban sprawl. For the foregoing reasons we earnestly petition that this committee restrict rural community development to the development and improvement of our existing, well-established cities and towns in the lower population range. We further feel that the present availabliity of housing funds, which restricts development to mostly rural areas, is in reality upsetting the balance of growth by discriminating against our larger cities where housing needs are great and where space is available for housing construction.

It is our feeling that all Federal water and sewer grant programs for local development should be handled through the Department of Housing and Urban Development, and that sewage treatment assistance should be handled through the Environmental Protection Agency for municipalities of all sizes.

It is extremely confusing for municipalities to be shunted back and forth between departments, depending upon which one has funds currently available for a particular development. We had hoped that the establishment of the Department of Housing and Urban Development would result in the administration of all municipal programs through a single department similar to the administration of farm programs through the Department of Agriculture.

Senator, you mentioned a while ago the adequate funding. Sometimes programs are passed and not funded and it is impossible to budget on this sort of a basis. We would like to see 2, 3, 5 years funded so that municipalities and other agencies could budget adequately and expect the funds.

Unfortunately, it now appears that we have a proliferation of both programs and agencies and departments seeking to provide the answer to our community needs. And, on occasion, we have heard criticism of local government from above relating to efficiency and capability.

We herald passage of the Emergency Employment Act as a great accomplishment of the current session of Congress and feel that it will prove most beneficial to the cities and towns of our State. We urge members of this committee to vote for ample appropriations to this act.

In regard to the need for a national growth policy, the Alabama League of Municipalities like the National League of Cities, heartily favors the establishment of a domestic affairs policy which would cover national growth and the distribution of population. We would certainly favor the inclusion of such developments, rural as well as metropolitan. We do not favor the administration's special rural community revenue sharing program. Among the reasons for our opposition are the artificial barriers and categories provided for therein, and also for the failure to provide a voice for locally elected officials in the sharing of such revenues.

In conclusion, and reminding members of the committee that we have asked you to view our State's problems from our perspective, we are convinced that the greatest help the Federal Government can give Alabama municipalities, large and small, is the ability to help themselves. The ability we seek can be expressed in terms of new revenue sources. The general revenue sharing proposal now before Congress would provide greater flexibility to our cities and towns to benefit from existing categorical grant programs and to furnish the public facilities needed to provide for the needs of their populations, to attract industry and to offset the ravages of inflation.

The cities and towns of Alabama are trying to provide the bulk of the services needed for the health, safety, and welfare of the citizens of our State.

The total cost is approximately $162 million a year in local and State-shared revenues, which amounts to less than $80 a year on a per capita basis. Well over one-half of the total State and local revenues available to our municipal governments is paid in salaries and wages. The general revenue sharing proposal would provide close to $22 million additional revenue for the cities and towns of Alabama. This would go a long way toward the solution of our problems in our small towns as well as our large cities.

Since we have asked you to place yourselves in the shoes of our municipal officials, we realize that this carries with it an equal responsibility of municipal officials to place themselves in your shoes. While we are not sophisticated in all the problems that you face, we readily recognize that no organized body can continue to operate at a deficit. As a matter of fact, our Alabama municipalities are quite proud of their good credit standing and the fact that they for the most part consistently operate within their means. We recognize that there is a very legitimate question which you might ask as to where the funds will come from to provide general revenue sharing with a continuation of the categorical grant-in-aid programs. We point to the tremendous imbalance that presently exists in our Federal budget. The outlays for foreign aid and military expenditures, as contrasted to domestic programs, appear to be considerably out of balance. We believe that Congress can, with effort, increase domestic programs while decreasing foreign aid and military expenditures without seriously jeopardizing the security of our Nation.

As a matter of fact, we are convinced that the strength of our Nation lies in strong local government, and that the greatest threat to our country's future lies within, and not without, our borders.

Mr. Chairman, we have included many additional pieces of information, municipal revenue reports, a reprint of the 1970 Census, Alabama Municipalities, and many other things which we felt the committee might find helpful but were not extremely pertinent. We thank you for the opportunity to speak before you.

Senator HUMPHREY. We thank you very much.

Mr. Watkins, do you have any commentary?

Mr. WATKINS. Senator, I would like to just make one comment and that is to the effect that I have never seen a group of gentlemen quite as patient and as forebearing as you have been with us this afternoon. Thank you so much for giving us the opportunity to be here.

There is one thing I think should be pointed out to you and that is in the financing of our communities. You will note that 80 percent of our revenues at the municipal level come from what is known as the license type of tax in Alabama which we have been quite fortunate our courts have recognized under that one power, that we have the authority to collect sales tax, occupational license tax, and various—gasoline tax and things of that sort. So that brings in approximately 80 percent of our total tax revenue.

As far as our ad valorem tax, property tax, in Alabama it produces for our municipalities around 15 percent whereas the national average runs better than 40 percent. So I would caution you in this with regard to the creation of bedroom communities that might come about through some type of program, that those communities would not, even if they incorporated, a new community in Alabama, unless they have commercial enterprise and a balanced structure as far as business, industry, commerce, would not be able to support themselves. Our counties do not have the authority to do this type of thing at the present time. So it would require legislation in Alabama to even serve that type of community and that causes great fear.

We think you very much.

Senator Humphrey. We would like to have you take a good look at the proposal that we put before the Congress recently—I have said this to several witnesses—known as the Farm and Rural Development Act that relates to communities 35,000 or less in population which may, by the way—that takes care of most of the communities in the State of Alabama. These are communities that we classify as rural or rural-oriented, and we would like very much to get your views after a careful study of our so-called Rural Development Bank proposal.

We don't—we are not here to try to sell it. We are here merely to try to get your consideration and your advice and counsel and if you would send it to us, we would appreciate it. We will see that you get a copy of the legislation.

Mr. Watkins. Thank you. We did not mean to infer that if the Department of Agriculture has money they want to give incorporated municipalities—we would be right there at the door.

Senator Humphrey. We understand this. This is a special banking proposal that relates to needs of certain sized communities.

Senator Talmadge?

Senator Talmadge. No questions.

Senator Curtis. In case there are more requests than funds available, which is always true, do you think that money should go to—Federal money should go to the construction of new communities prior to taking care of requests for existing municipalities?

Mr. Watkins. Senator, not in Alabama, I wouldn't. It might be the case in some of your metropolitan areas on the eastern seaboard and throughout your rural belt from Chicago to New England, but in Alabama we have no need for new municipalities. We have quite a number that are capable and need—we have basic facilities like water. They need extension and improvement. And in some of these communities you come up in the rural areas and in other States we have noticed, where substandard water systems are put in, the city grows to—it means taking out a whole system, replacing it and putting in fire plugs to provide fire protection and many costly additions and the community wastes a good bit of money over a long period of time and for this reason we firmly support the idea in Alabama of bolstering and improving what we have and not trying to——

Senator Curtis. This morning we heard about a proposal in the State of Alabama, and I guess it extends into Tennessee, for some new communities.

Senator Humphrey. Elk River project.

Mr. Watkins. We know where it is.

Senator Curtis. That is all.

Mr. Watkins. Thank you.

Senator Humphrey. Thank you very much, gentlemen. Thank you again for your patience, not ours.

We have, I believe, our final witness, the most patient and I hope persevering, too, the president, Alabama Farm Bureau Federation, Mr. Hays.

STATEMENT OF J. D. HAYS, PRESIDENT, ALABAMA FARM BUREAU FEDERATION, MONTGOMERY, ALA.

Mr. HAYS. Mr. Chairman, thank you. I do appreciate the opportunity of appearing before this distinguished committee. I am sure it has a great responsibility. Particularly, too, I am appreciative of Dr. Foster and Dr. Mayberry who have sat patiently through the testimony in order to hear the last witness here.

I will be brief. I have already submitted a summary of our views and our policies with respect to rural development, and then, in addition, I have prepared a summary of our summary which I intended to give in about 15 minutes here, but—Mr. Chairman, I don't believe you can see the clock. It is now a quarter of 6. So with your permission, I am going to summarize my summary of my summary.

Senator HUMPHREY. That is what I call a masterful exercise. I compliment you.

Mr. HAYS. All right, sir.

Let me say just two brief statements, Mr. Chairman. One is general, the other is more specific.

There are a lot of changes, as other witnesses have pointed out, taking place in Alabama and how we respond to them is going to largely determine our future. We can do nothing or we can agree or disagree and it will make very little difference to the remainder of mankind.

So I look upon the idea of rural development as an opportunity for Alabama people to make a contribution. It can be a significant partnership between the Federal Government, State government, and local government, between private industry, individuals, and individual leadership that will support and give their help and leadership.

The Alabama Farm Bureau Federation has very strong leadership in every county in the State and we believe that on this basis, Mr. Chairman, we can make a significant contribution by supporting those things that apply to us directly and in general helping our community become a better place to live.

Now, in our prepared testimony we have made some points in more elaboration than what I would touch on here in the next 60 seconds or so.

Much has already been accomplished in rural development. Much remains to be done. We believe that the first step in fostering overall rural development is to increase the level of farm and farmer income, to improve an expanding agricultural credit, that is one, and two, more efficient marketing systems, and, three, better transportation systems; four, increased demand for farm programs for expanding the devolopment of local domestic and foreign markets.

Five, additional research in educational programs directed toward farmers' needs.

In addition to having direct effect on agriculture, implementation of these proposals will also have a generative effect on the entire economy by generating higher levels of income and employment. But in any event, it is significant. So we think that any significant improvement coming about as a result of any program, and particularly rural development, must first begin with the thesis that the agricultural economy must be sound, Senator. And then emphasis must also be placed on a balanced approach to growth.

Better employment opportunities must be secured through industrial development of additional sectors of the economy. As development occurs, there will be a pressing need to develop private service industries. And as many before me have pointed out, to expand the essential public services.

We support Federal efforts in this direction and recommend that additional personnel and financial support be channeled in this direction.

And, finally, in conclusion, Mr. Chairman, we believe and subscribe to the belief that development must be accomplished in the framework of natural resource use that provides for future generations as well as the present.

Thank you.

Senator Humphrey. Mr. Hays, that is a very concise statement. I have been paging through, rather quickly, your full statement. We welcome all the statistical evidence you have given us and the observations on Alabama development.

Senator Talmadge?

Senator Talmadge. Mr. Hays, I want to compliment you on your statement and invite your further views and suggestions as we proceed, we hope, toward a legislative aid and solution of some of our problems.

Senator Humphrey. Senator Curtis?

Senator Curtis. Well, I appreciate your statement very much. Can you think of anything for producing more jobs and business activity in our towns and cities that is better than raising the income of the farmer operator?

Mr. Hays. No, sir. I am firmly convinced that whatever we do must be undergirded with a firm and sound farm economy, yes, sir; and in my statement I make some suggestions perhaps as to how we can improve this with strong emphasis on a renewed effort on agricultural exports.

Costs are increasing in foreign countries; costs of production are increasing there as well as here. Their economies are expanding agriculture at a very rapid rate and if we look at our land again, I think we have an excellent opportunity to get back even in a stronger position in world exports. Free society's standards of living have been increasing at a very rapid pace and in areas we have not been competitive because of costs.

I think we can be competitive if we can find a way of getting around various barriers that governments now have a way of putting on, imposing between trades in order to regulate the politics.

Senator Humphrey. Senator Allen?

Senator Allen. Mr. Hays, I note with interest the Farm Bureau has been working on rural development, making recommendations for ways of developing our rural economy for more than 50 years. So we appreciate you coming and sharing your views with us, and certainly we value your recommendations highly and we certainly are going to give serious consideration to all of your suggestions.

Mr. HAYS. Mr. Chairman, we are deeply grateful for your bringing your committee here and I am very pleased, of course, that Senator Allen along with the other members of the committee is here in Alabama. I am particularly pleased that Senator Allen is a member of your committee because I think we have some very serious problems here in the South and as a long-time native of Alabama, I know we have some to solve here.

I don't look upon your committee as the sole savior but I think you can, as I say, help to form a partnership in which we can play a significant part in solving our own problems. So I am particularly pleased that you came.

Senator HUMPHREY. We do thank you very much, Mr. Hays, and may I say we don't look upon ourselves as soul saviors, either. We are just workers in the vineyard hoping to be able to do some good here.

Senator ALLEN. I might say when we were up in Madison County we probably saw some of Mr. Hays' broad fields of cotton.

Mr. HAYS. It is a privilege for me to present the views of the Alabama Farm Bureau Federation to this distinguished Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry.

The progress of our country has been closely related to the capability of rural people and the quality of rural resources. Rural development in America is one of the great successes of our Nation's history. National policy, through legislation by Congress, has brought to rural America a system of land grant colleges and universities, technology and education through experiment stations and the Cooperative Extension Service agricultural credit, soil and water conservation, youth programs, forestry, wildlife management, and recreational development, that has not been equaled anywhere in the world.

Even though much has been accomplished, much remains to be done. It is a well-documented fact that many tools are available to promote growth in rural America, but it is my opinion that our national goals must always be examined to effectively meet the needs of present and future generations. It is appropriate that subcommitteees such as this are holding meetings throughout the country to determine the status and needs of rural America.

The ultimate objective of development is to benefit people. Therefore, rural development may be defined as anything that contributes to the economic and social improvement of rural America. This development may take several forms. Economic development may come about in terms of higher income and increased employment opportunities. Community development may involve a new water or sewage system. Natural resource development may include a small watershed development or a reforestation project. Human resource development may be in terms of training or retraining people in skills and arts demanded by society.

The elected voting delegates of the member State Farm Bureaus to the 52d annual meeting of the American Farm Bureau Federation (December 1970) developed a statement of policy on rural development. We strongly support this policy:

RURAL DEVELOPMENT

For over half a century Farm Bureau members have been fully committed to meeting the challenge of sound progress, development, and change in rural America. Our interest is deep as this is where we individually live, work, and invest in the present and in future opportunity for every farm and ranch family.

The Task Force on Rural Development, in its report entitled "A New Life for the Country," offers challenging ideas, recommendations, and constructive observations. We agree that rural development must be generated through local initiative. It must be a result of community-wide study and planning and the development of specific programs to meet community needs for sound economic growth and expansion of opportunities for both rural and urban areas.

Farm Bureau member families and County and State Farm Bureau leaders have an unusual opportunity and obligation to assist and participate in constructive rural development.

The growth and development of industry and commerce in rural areas provide local markets for farmers, increase job opportunities for members of farm families and other rural people, improve the capacity of rural areas to provide essential community facilities, and reduce the out-migration of people from rural areas.

The development which has occurred in many rural areas is a result of community efforts, improved educational opportunities, adequate water resources, a willing labor force, recreational opportunities, and other community services. Loans, grants, or tax credits are often helpful to economic development in rural areas.

The resource conservation and development program administered by the Soil Conservation Service contributes constructively to these objectives and should be carefully coordinated with community efforts in rural development.

RURAL DEVELOPMENT CREDIT

Sufficient supplies of usable water and adequate waste disposal systems are basic to economic progress in rural areas. We support the sound extension of public and private credit for financing private, community, or district facilities.

We support adequate funding for programs established under provisions of the Rural Water Facilities Act of 1965.

Funding of other credit needs in rural development should be provided primarily from private sources supplemented by public funds under authorities administered by the Farmers Home Administration.

GENERAL SITUATION IN ALABAMA

Alabama is experiencing rapid change in many ways. Only recently has the urban population become larger than that in rural areas. In 1960, 54.8 percent of the people in Alabama lived in urban areas while 45.2 percent lived in rural areas. Such population distribution was in contrast to that for the United States, where 70 percent of the population had shifted to urba[illegible]s. By 1970, this distribution had not changed appreciably. Acc[illegible] to the 1970 census, Alabama's population of 3,444,165 was 58.4 percent urban and 41.6 percent rural.

Of greater importance is the fact that Alabama, in general, has not experienced population growth compared with other areas of the Nation. During the past decade, Alabama population increased 5.4 percent compared with 13.3 percent for the Nation. The widest discrepancies between Alabama and the rest of the Nation, appear in the area of personal income. Per capita personal income estimates indicate that Alabama lagged considerably behind the U.S. average at both the beginning and end of the decade of the 1960's. Per capita personal income in Alabama was $1,464 or approximately 65 percent of the U.S. average of $2,215. By 1969, per capita income in Alabama had increased to $2,582 while the U.S. average was $3,687. On an individual county basis, even greater variations occurred; generally the rural areas had per capita income levels much below the State average. In 1969, urban Jefferson County had the highest income ($3,713) while rural Lowndes had the lowest ($1,127).

During the past decade, Alabama lost approximately 30 percent of its farmers. Many of these people have either moved to, or commute to urban areas for employment. Farm receipts in Alabama during the period 1960 to 1970 increased from $529 million to over $736 million. Per farm gross income in Alabama for 1970 was estimated to be $10,621 as compared to $19,216 for the Nation. Net income per farm in 1970 was $3,569 in Alabama and $5,392 in the United States. During the decade of the 1960's, gross income per farm increased by 108 percent in Alabama and about 100 percent in the United States, while net income per farm in each area increased 82 percent. It is readily apparent that Alabama agriculture has not kept pace with the rest of the Nation.

Latest estimates indicate that the 1969 Agriculture Census will show a continuing decline in number of Alabama farms. Indications are that Alabama now has approximately 85,000 farm families. An estimated 80 percent of these—68,000—produce an annual gross farm income of $10,000 or less. When the high costs of production are subtracted from this total, net farm income falls below any of the established poverty guidelines. Most of these 68,000 farmers have been able to remain on their land only through supplemental income provided by off-farm employment. In the future, these people will probably not remain in rural areas unless they can increase their income directly from farm activities or from accelerated off-farm earnings. The trend is already established and will not be easily reversed. Financial, technical, and educational assistance should be made available to them through rural development activities.

To summarize, Alabama is economically depressed by most of today's standards. Population distribution is much more rural than for most of the remaining areas of the Nation and per capita income lags considerably behind the U.S. average. On the farm scene, average gross and net farm income in Alabama is much lower than the U.S. average.

Alabama's problem of lagging growth rates results primarily from an underdevelopment or underemployment of its resources, both human and physical. In some cases there may be a lack of resources, but in most instances existing resources have not been utilized to their fullest potential. Means must be discovered to bring to fruition these resources if Alabama is to experience growth and prosperity and an increased quality of life for its citizens.

DEVELOPING ALABAMA'S RURAL AREAS

In formulating policies for rural development, we must keep in mind that agriculture—including agribusiness—is the No. 1 business in America, and in rural areas the effect is magnified. It is my conviction that a strong agricultural sector forms the basis for overall rural development. Since agriculture is a major generator of income in most rural communities and towns, without doubt, the first step in fostering rural development is to expand farm and farmer income. As farm income is increased, additional expansion will occur in other sectors of the economy. The net result will be for higher levels of both income and employment in the aggregate economy.

Two recent studies of interindustry input-output pertaining to rural areas in the South indicated that the agricultural and agri-related sectors of the economy have large economic multipliers.[1] One dollar of new farm income is multiplied many times in the national economy.

If output is increased in these sectors, greater repercussions will occur throughout the economy than would be true if the output increases occurred in other sectors.

This is because of the high degree of interdependence of agriculture and agribusiness with other sectors of the economy. Because of this, these sectors have the greatest capacity for generating additional economic activity through the multiplier effect.

DEVELOPING THE AGRICULTURAL SECTOR

There are several things to be considered in increasing farm income in Alabama. One factor is the adequacy of farm credit, both operating and long-term capital. This is pointed out in a report recently released by the Auburn University Cooperative Extension Service. This report indicates that additional credit could be put to productive use primarily because improvements in technology and increased use of purchased inputs have magnified the need for capital in rural areas. Farmers need additional credit to achieve farm size that will offer economies of scale. Not only is there need for credit for farmers, but also for homeowners and small businesses in rural areas. Government lending agencies provide a valuable service by supplementing private lenders, and these agencies should be strengthened and adequate funds should be made available for lending to rural residents with particular emphasis on areas not being served by private lenders.

Individual farm production is scattered all across the land mass of the continental United States as compared to a rather high degree of concentration of industrial production. It is therefore more difficult for farmers to develop for themselves an effective and efficient marketing mechanism. Individuals go to the market with a resulting

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[1] Curtis, Wayne C., and Waldrop, John E., Construction of An Input-Output Model for a Sub-State Region Through the Use of National Coefficients and Secondary Data.

Sources: Technical Bulletin 61, Mississippi Agriculture Experimental Station, March 1971 and Bills, Nelson, S., and Barr, Alfred, An Input-Output Analysis of the Upper South Branch Valley of West Virginia, Bulletin 568T, West Virginia Agriculture Experimental Station, 1968.

"sprinkler" effect on price caused by the wide despersion. In addition, there are other inefficiencies of transportation, distribution, et cetera.

Another force in attempts to raise farm income is the development of adequate marketing facilities. In the past there has been an overall shortage of markets in rural areas of Alabama. This deficiency has been particularly detrimental to small farmers with limited resources although substantial improvement has taken place in recent years as a result of the Alabama Farmers Market Authority. In essence, they are prevented from effectively competing.

Because of the interdependence of various sectors of our economy, establishment of a single facility will influence the aggregate levels of income and employment throughout the areas in which it is established. This, I think, is a primary substance of rural economic development—influencing the levels of income and employment in the economy through development of specific sectors and industries.

In addition to providing for physical marketing facilities, there is a need for different marketing arrangements. Again, this need is especially acute in the case of small farmers who have neither adequate bargaining power to purchase agricultural inputs at competitive prices nor opportunities to sell their products at a fair competitive price. This may encompass a general strengthening of the present Agricultural Marketing Acts. More specifically, we must provide new and more definitive laws on collective bargaining. The need for improvement in the collective bargaining area is especially true with respect to contract farming, particularly where purchases of agricultural commodities practice a high degree of vertical integration.

Associated with market development is development of an adequate transportation system to allow farmers to transplant products to market. Both primary and secondary roads should be developed, as well as other forms of transportation. One factor that may assist farmers—and the general public—is the future development of the Tennessee-Tombigbee Waterway. As a result of this development, farmers and others in rural areas may be able to purchase inputs at cheaper prices. Since production costs to the farmer could be lowered, this could mean lower food prices to all citizens in Alabama, and higher income to farmers.

If farm income levels are to be raised, then the total demand for agricultural products will have to be increased. New uses for agricultural products may be partially achieved through innovative product development. However, perhaps the best means through which demand for agricultural products can be increased is through expansion and development of our export markets. Not only will this bring about increased farm income, but it will also contribute to an improved balance-of-payments status for the United States.

An example of increased farm income as a result of increased exports can be clearly shown with soybeans. In the decade of the sixties, exports of U.S. produced soybeans rose from 134.7 million bushels to 428.7 million bushels with a total increase in price per bushel from $2.53 to $2.91. While this price increase was taking place, production was doubling (from 555 million bushels in 1960 to 1.135 billion in 1970). Increased markets through exports can deliver similar results for other farm commodities. Other significant gains have been achieved in this area, but more work will need to be accomplished in the future.

The cost of foreign agricultural production is also continuing to go up. At the same time standards of living are rising rapidly in many of the free world economies. There is a potential opportunity for the expansion of U.S. agricultural exports. Because of the increasing complexities of international relationships, governments are acquiring more and more responsibility of decision with respect to such matters as foreign trade and agricultural exports. We believe additional attention to these areas would result in increased U.S. agricultural exports.

There is also a tremendous need for additional research and education programs oriented toward Alabama's farmers. Examples of the types of programs of which I speak are those of the agricultural experiment stations, Cooperative Extension Service, and other similar agencies. This need can be met only by the availability of additional resources to perform these tasks. The need for this type of work is especially acute in the area of production technology, particularly in work relating to the allocation and efficient use of agricultural resources. New technological advances, as well as a means of disseminating this information to farmers, need to be developed. A good example of this is in the area of agricultural pesticides. Not only do we need additional research as to the ecological effects of pesticide usage, but also programs to inform farmers as to how to use these materials correctly. This can be accomplished only through more monetary and human resources.

The production of an abundant food supply is essential to the welfare of this Nation, and the significance and contribution of commercial farmers cannot be overlooked in rural development. Furthermore, the economic well being of many rural economies is tied to that of farmers. Thus, I think we are justified in placing top priority in rural development on agriculture.

OTHER FACTORS INVOLVED IN RURAL DEVELOPMENT

In the overall scheme and rural development, several factors other than agriculture must be kept in mind: Higher income and better employment opportunities; development of private service industries; adequate housing; improved public services—police and fire protection, public utilities, educational opportunities and medical facilities; and cultural and recreational facilities. All of this must be accomplished, I think, in a framework of wise natural resource use.

Rural development efforts must also recognize the need for balanced growth. Creation of jobs in our rural areas is essential to population growth in rural towns and communities. There are over 60 towns and cities in Alabama with a population of 5,000 to 25,000. Most of these are located in rural counties.

Some new income and employment opportunities will come with the development of a viable agricultural sector. However, other types of industries must also be attracted to rural areas if expansions of significant magnitude are to occur. Emphasis must be placed on attracting those industries that require that resources of the rural areas—natural, physical, and human. This point cannot be overemphasized. If possible, interindustry studies such as those mentioned previously should be conducted to determine the sectors of the economy that offer greater potential for development. This will provide some quantitative assessment of the total impact on the economy. Also, it must be remembered that balance should be sought in development.

In our own State, we are enjoying significant industrial growth. Our State government, in both the executive and legislative branches, has provided a favorable climate for industrial development. One example of this was the passage of the Wallace, Cater Act, which permits certain corporations to sell tax exempt bonds for new industrial capital outlays. These are subsequently leased to industries locating in Alabama. There are other considerations such as special, limited, ad valorem tax exemptions.

As the levels of income and employment rise due to industrialization, attention must be given to development of service industries and adequate housing. In the area of housing, for instance, much credit should be given to the Farmers Home Administration for their efforts in improving the quality of life in rural areas. Since the rural housing program of the Farmers Home Administration was initiated in 1949, approximately 22,000 Alabama rural families have received financing in excess of $190 million. The Farmers Home Administration housing program should be provided personnel and funds to continue the financing of rural areas at an increased rate.

Federal funds and assistance should also be provided for development of essential public services and facilities in rural areas. For instance, most rural communities in Alabama lack adequate sewage systems. Many have substandard police and fire protection. It is a well known fact that rural areas lag behind more urbanized areas in educational opportunities for young people. Alabama suffers from a tremendous shortage of medical doctors. This is much more acute in rural areas. In fact, many rural areas have no medical doctors and presently have no prospects for acquiring them. Needless to mention, there is complete absence of essential recreational and cultural facilities in most of these areas.

It should be kept in mind that inflation is a serious threat to economic stability. It is generally agreed that excessive Federal Government spending is a basic cause of our current inflation problems. Deficit spending by the Federal Government and policies which expand the supply of money and credit faster than production clearly lead to inflation.

Farmers are among the hardest hit by inflation because they are forced to pay inflated prices for their production inputs. At the same time, they are unable to pass on these higher costs because of their widespread and loosely knit production and marketing patterns.

Stability of the purchasing power of the dollar, as well as the maintenance of high employment, is essential to the economic well being of the Nation. Therefore, farmers, as well as others, are best served by the maintenance and strengthening of the purchasing power of the dollar.

As a final point in my discussion of rural development, proper use of our natural resources—including land and water—must be practiced in future rural development endeavors. These resources provide the foundation upon which all development is based. Therefore, it is imperative they be wisely developed and their use be allocated not only for the present but also for future generations. This may involve detailed land-use planning, increased emphasis on small watershed developments as administered by the Soil Conservation Service, and in some cases the returning of land to forest cover. The latter is especially true of many acres marginal to the technology of intensive agricultural practices.

SUMMARY AND RECOMMENDATIONS

In summary, even though much has been accomplished in the areas of rural development, much remains to be done. We believe the first step in fostering overall rural development is to increase the level of farm and farmer income through development of a viable agricultural sector. This, we believe, can be achieved through (1) improved and expanded agricultural credit, (2) more efficient farm marketing systems, (3) a better transportation system, (4) increased demand for farm products through development of both domestic and foreign markets, and (5) additional research and educational programs directed toward farmers' needs. We strongly recommend the above as the first step in rural development.

In addition to having a direct effect on agriculture, implementations of the above proposals will also have an impact on the entire economy by generating higher levels of income and employment.

Emphasis must also be placed on a balanced approach to economic growth. Higher income and better employment opportunities must be secured through development of additional sectors of the economy. Attempts must be made to match industrial developments with available resources in rural areas.

As development occurs, there will be a pressing need to not only develop private service industries, but to also expand public services such as police and fire protection, public utilities, housing, and medical and educational services. We support Federal efforts in this direction, and we recommend that additional personnel and financial support be channeled in this direction.

Finally, Farm Bureau subscribes to the belief that development must be accomplished in a framework of natural resource use that provides for future generations as well as for the present. Since our natural resources form the foundation upon which all development rests, we strongly urge detailed planning in natural resources utilization.

Alabama is experiencing rapid change and no amount of agreement or disagreement on our part will have any great significance for the rest of mankind. But for us in Alabama, our own immediate decision and action will largely determine our future fortunes. Rural development can be an effective partnership of Federal, State, and local government, private industry, local leadership and local initiative and support. The Alabama Farm Bureau Federation pledges its support and participation to this end.

STATEMENT OF EUGENE McLAIN, SENATOR, ALABAMA STATE LEGISLATURE, HUNTSVILLE, ALA.

Mr. McLain. Mr. Chairman, I am over here. If I may, I am Senator Gene McLain, a member of the Alabama Legislature. I know you are about to leave. We legislators haven't said much today. It is a little unusual today that none of us testified but I wanted you to know that all of us appreciate the committee coming to Alabama.

We realize the problems we face. We are extremely grateful for each of you coming and a number of us have been here listening to you all afternoon and we sincerely appreciate your visit.

Thank you.

Senator HUMPHREY. How kind of you, and will you thank each member of the legislature for the courtesies they have extended to us in making it possible for us to be here and use these facilities.

If any other member of the legislature is here that wishes to make any comments, we would, of course, welcome him.

We thank you.

Before adjourning, I want to note that we have received some testimony in Washington, Miss Elizabeth Edwards and some others, and we will incorporate it in the record of our subcommittee so that when you write to us, you share your thoughts and they are made a part of the official record; studies by our staff, and reviewed by the members of the committee.

We thank each and every one of you for the privilege of being in Alabama and I particularly want to thank Senator Allen who is a stalwart in all these areas of agriculture, rural development, and many other areas, for inviting us, for the courtesy that has been extended to us.

Thank you very much. [Applause.]

(Whereupon, at 5:50 p.m., the hearing was adjourned as to the testimony in Montgomery, Ala., the committee to reconvene its hearings in Tifton, Ga., on Friday, July 9, 1971.)

(Additional statements filed for the record are as follows:)

STATEMENT OF RICHARD "DICK" BEARD, COMMISSIONER, ALABAMA DEPARTMENT OF AGRICULTURE AND INDUSTRIES, MONTGOMERY, ALA.

Senator Humphrey and Members of Senate Rural Development Subcommittee, I am Richard (Dick) Beard, a livestock farmer of Trussville, Alabama, and presently serving as Alabama's Commissioner of Agriculture and Industries. The problems of our metropolitan areas and particularly those of the inner-cities have been greatly increased in recent years, due in part to the influx of rural people. This situation is well known and I congratulate the members of this Committee on its efforts to halt this out migration by making life in rural communities more attractive and profitable.

A relatively small proportion of our rural population is now producing all of the food and fiber we can use at home and export to foreign markets. The number of commercial farmers has declined due to the increases of technical know-how necessary and the large amount of capital required for efficient production of agricultural products. There is apparently little opportunity now for new farmers in the highly competitive field of crop and livestock production unless some changes are made in our agricultural policy.

Despite the continuing decline in the number of farmers in the field of commercial agriculture, it now seems a good time to begin a rural development program. Many of our large industries located in crowded cities are having production problems. Plans for decentralization and movement to plant sites in rural areas are under way by many plant owners. Rural areas with good plant site locations, schools, churches, water and sewage facilities and recreational areas, are in a position to attract industry. Alabama is developing special training programs for industrial workers needed in new industries which may come to our state. Many families prefer to live on small tracts of land which they own in rural areas in commuting distance of industries which will provide employment.

I urge your Committee to not forget the plight of our commercial farmers and the role they can play in developing rural areas. The cost-price squeeze is reducing the number of these farmers each year. Parity of income for farmers is now at a record low. Consumers at present are paying less than 17% of their disposable income for better quality and greater varieties of food. This food is produced by a relatively small percentage of our population, thus enabling the vast majority of our workers to supply us with goods and services in quantity and quality unequaled elsewhere in the world. Our balance of trade with other nations is greatly helped by the quantity of food and fiber our farmers place in the export market.

We can build our rural communities and find a place for more commercial farmers if we further develop the exportation of farm commodities. Our American farmers have the land, equipment, and the know how to greatly increase production. The ability of our farmers to produce cheaper food and fiber is envied by people throughout the world. We are the only nation in the world with restrictions on agricultural production.

Mr. Chairman, I urge you and the members of this Committee to recommend a workable rural development policy which will encourage more farm production and the further development of our export markets.

STATEMENT OF CLAYBOURNE ROSS, EXECUTIVE DIRECTOR, UPPER DUCK RIVER DEVELOPMENT ASSOCIATION, SHELBYVILLE, TENN.

Mr. Chairman and members of the committee; I am Claybourne Ross, executive Director of the Upper Duck Development Association. The Associated represents approximately 130,000 citizens of Bedford, Marshall, Maury, and Coffee Counties of middle Tennessee. Duck River flows through these counties on its way to the Tennessee River. It is a primary tributary of the Tennessee River. It is a stream of extremes. At times it is a raging flood and at times it is a mere trickle. The development of water resources and the control of the river are very important to our area, the State of Tennessee, and the Nation. It is our objective to employ a regional approach in our development endeavors.

Our citizens, our towns and counties, and several State and Federal agencies are actively participating in the work toward total resource development. The river is such a big factor in these four counties that no comprehensive plan for development can be made without the full development of the river. The area is rural with small towns, the largest being approximately 25,000 in population. Our effort here is for regional rural development thoroughly planned to accomplish the best results. We want to provide job opportunities which will enable our children at home to fill the jobs which we provide for them.

The Upper Duck River Development Program is regional in concept. Our projects are area-wide in scope. They embrace both human and natural resources.

Every child in the four-county area is within commuting distance of the State Community College. The Water Grid System in the area has been greatly expanded with water lines built to small communities and rural areas which, heretofore, have been dependent upon unreliable wells and springs. Other expansions of this area water distribution system is being planned. This distribution system is wholly dependent upon Duck River for water supply. The local government agencies in cooperation with Housing and Urban Development, Farm and Home Administration, and the local people have invested their funds to match water grants in expanding water filtration systems.

The Water Grid System emphasizes the need for water control and regulation of Duck River. It was a catalyst for the Duck River Project (Normandy and Columbia Reservoirs, Planning Report Number 65–100–1). This project has gained congressional approval with an initial appropriation for 4.6 million dollars allocated in the Tennessee Valley Authority budget. The project is officially underway. The dams are located on Duck River at mile 248.6 (Normandy) and 136.9 (Columbia). These dams will create reservoirs of 15,830 surface acres with 308 miles of shoreline. These reservoirs with regulated flow will assure the Upper Duck River Valley a stable water supply for municipal and industrial uses.

The Duck River Project will provide flood control benefits to the Tennessee Valley Authority system and local areas; would create recreational opportunities including fishing and hunting in and around the reservoirs; would make available land for development along the shoreline for public and private use; would result for improved highway travel in the project area; and, would provide higher wage employment for the sub-employed in the area. The total annual benefits for the purposes are estimated to be $4,960,000. They have been computing using an interest rate of 4⅝% for a project life of 100 years.

The pollution aspect of this project involves a marked improvement in water quality with a regulated flow of the stream. During periods of low-flow, the Duck River experiences a high concentration of pollution, low dissolved oxygen content, and some fish kill. Studies indicate that 155 cubic feet per second of clean water will be minimum continuous stream-flow required at Shelbyville and Columbia to maintain water quality at acceptable levels. Release from the reservoirs will supplement stream-flow during low-flow periods to provide minimum flows at Shelbyville and Columbia of 166 cubic feet per second, respectively to meet the needs of both water supply and water quality control.

A 3.5 mile reach on Duck River from the Normandy Dam site down stream to Cortners Mill Dam has a potential for development of Trout fishing. A warm water fishery could be developed below the Columbia Dam since the increased flow would reduce siltation and decrease both domestic and industrial pollution.

Optium development of the project and realization of the maximum contribution to the economy of the area depends upon the joint effort by the local and State agencies, Tennessee Valley Authority and the Upper Duck River Development organization. The citizens of the area are resolved to realize maximum benefits from this project. The dams and reservoirs are a tool for bringing about improved industrial climate, more and more job opportunities, tourism and enhance the overall quality of life. The economy and future growth pattern in the Upper Duck River Area reveal five principle elements which make up a concept and future growth activities. These are:

1. Increased urbanization;
2. Creation of attractive physical environment for living;
3. Planning for and recruiting high-wage industries to provide enhanced job opportunities and higher incomes for the expanding population;
4. Provide adequate and dependable water supply and waste treatment both for expanding population and increased industrialization; and
5. Citizen contribution toward participation in this expansion.

Our organization works very closely with the local agricultural agency, as we recognize our efforts will compliment the programs of one another.

The citizens of the Upper Duck River Area solicit your help and support in connection with our program and especially the Duck River Project (Normandy and Columbia Reservoirs). The adequate water supply is prerequisite to optimum rural development.

STATEMENT OF C. W. NELSON, PRESIDENT, STATE NATIONAL BANK OF ALABAMA, DECATUR, ALA.

It is a great honor to appear before such a distinguished group and to present my views on the role of private capital in the development or our rural areas.

I apologize for making reference to our bank but to do so will provide some background for my later comments.

State National Bank of Alabama serves 12 north Alabama counties through its 31 offices. We are deeply involved in agricultural banking activities—in fact for many years farm related business comprised the major portion of our loan and deposit volume. With the recent industrialization and urbanization of our area, farm business no longer accounts for the majority of our activity but we continue to regard it as being of vital present and future importance to our bank. Six of our key executives are former county agricultural agents—five of whom formerly represented the bank as full time field men. In an effort toward greater specialization we are currently seeking to employ an agri-business expert to head up a new department which will devote its full attention to farmers and to the processors and distributors of farm products. According to the latest published figures, our bank ranks 257th in size nationally. Total footings as of June 30, 1971 were approximately $295 million. I am proud to report that we rank 66th in terms of total agricultural loans in the United States. In fact, we are number one in the Southeastern States leading all other banks in Louisiana, Mississippi, Tennessee, Georgia, Florida, and South Carolina. I hope that these facts give you some understanding of our commitment to the farming economy of north Alabama.

Dr. Williams has summarized for you the opportunities for developing our rural communities in north Alabama if we fully utilize our farm resources. The exact figures and predictions might be subject to some question, but we at State National heartily agree with the general conclusions. Our optimism has caused us to take a fresh look at our participation in supplying capital needs for developing the area's agri-business potential. These potentials show that farmers in our area can triple their income if they use the resource mix best suited to their individual situations. As farmers become more prosperous, new jobs and business activity will be created in the non-farm sectors of our rural communities.

In discussions with TVA and Auburn University, it was pointed out that capital is probably the most important single element needed to reach the farm income potential of $1.2 billion. Farmers must substitute capital in the form of machinery, chemicals, improved breeding stock and better seed for high priced labor. They need capital for establishing new enterprises or expanding their livestock operations which will more fully employ their available labor supply. The addition of livestock and poultry enterprises on farms that do not have an adequate cropland base is one way of increasing the farmers income. Of course this means more capital and it will likely have to be supplied from credit. We believe private as well as public financial institutions should help supply this credit. The average investment per farm in the Tennessee valley increased from $6,000 in 1950 to $38,000 in 1969. The amount of credit being used by the average farmer is now over 7 times what it was in 1950.

What might have happened in rural areas if these "average farmers" had been able to employ optimal capital? The results of the rapid adjustment farms program are cited. This was a cooperative effort between TVA and land-grant universities. The average capital investment of each of the 42 farms studied was $42,800 when they entered the program. This was similar to the average capital investment of farmers in Alabama. After only 4 years the average rapid adjustment farm had increased its capital investment to $71,000. During this same 4 year period, their farm income more than doubled. With few exceptions this adjustment was made without changing the land or labor base available when the farmer entered the rapid adjustment program. Of course the capital investment requirement varies according to the enterprise combination the farmer selects.

In further exploring how our farm potentials can be achieved, it appears that each farm needs individual whole farm planning. That is, the present resources need to be documented. Then alternative choices of enterprises need to be evaluated in light of the specific resource base available to the farmer. Of course, a team effort between our bank, other private companies, TVA, and Auburn University is needed to assist farmers in evaluating their present situation, in setting goals for growth and acquiring new resources and knowledge to reach their potentials. As farmers use more capital in their operation, money management will be much more critical. This problem is even more critical for young farmers who expect to withdraw funds for family living throughout the year so they can have a life style similar to their city friends. This approach is healthy for our farmers and the rural community but it must be planned as an integral part of the money management of the farm operation. Cash flow planning benefits both the farmers and bankers because they know in advance when money will be needed and when income will be received from farm sales so that money can be properly managed at all times. Our bank plans to assist the farmers in developing a cash flow plan and a cash flow accounting system so that money management can be an integral part of our service to farmers.

As Dr. Williams pointed out, if we triple farm income, other agri-business activity will expand by a similar amount. This will require about $570 million of additional capital for investment in new off-farm businesses. By working more closely with farmers in developing their economic potential, improved coordination between farm needs and agri-business needs should result. The development of farm supply businesses, markets, processing plants, and distribution channels must be achieved simultaneously with farm development if the rural community is to reap the full benefit of expansions in the farm sector. Similarly, farmers must have supplies available when they are needed or they will experience reduced yields because of delays. Equally important is the availability of markets with the capacity to move farm products into the market centers in a form desired by the customers.

Rural development has many sides. We feel that through a unified effort, more income and a better life can be achieved for our farmers through better use of their resources. These improvements will create new jobs not only in the agribusiness sector of our rural communities but also in the supporting service industries. By strengthening the economic foundation of our farmers, the welfare of all people in north Alabama will be improved.

In summary, the State National Bank has, by working with TVA and Auburn University, identified a need for added emphasis in financing our rural economy. As stated earlier, we have plans to establish an agri-business department with a staff to improve our ability to work with farmers and farm support industries in planning and servicing their financial needs. Our objective is to make our staff, our modern computer facilities, our business expertise, and our financial resources available to any farmer who can use it. This staff should also be an asset in evaluating farm loans including consumer loans for improving the standard of living of our rural people. Through a continued close working relationship between the private sector such as our bank, and the public sector such as TVA, Auburn University, and others interested in rural development, we feel that employment opportunities will increase and that an improved standard of living will result in rural Alabama.

Thank you again for the honor of allowing me to participate in today's program.

STATEMENT OF C. E. HIESEMAN, MANAGER, MONSANTO CO.'S DECATUR PLANT, DECATUR, ALA.

Monsanto Company's Decatur Plant has enjoyed many benefits by locating in the Tennessee Valley area near Decatur, Alabama. In turn, it has brought many benefits to this area in terms of jobs created for several thousand persons, multimillion dollar payrolls, taxes paid to local government units, purchases from local and regional sources and creation of satellite business and industry as a result of its needs for supplies and services.

The Decatur Plant was constructed in this area after a lengthy search and investigation that covered several hundred potential sites. The Decatur site was chosen because of several principle advantages, namely, an excellent supply of high quality people with excellent attitudes, the availability of electrical power, large amounts of water for cooling purposes, good transportation routes by water, rail and highway.

The excellent labor attitudes which prevailed among available employes, area businessmen and residents of the area were highly encouraging for a potential employer looking for a place where they could operate in an atmosphere of freedom.

The excellent highways which existed made it possible for our plant to offer employment to residents of a wide area in North Alabama and East Tennessee. Most of these residents were living on farms and not gainfully employed in industry. In fact, approximately 80% of our employes came directly from farm areas. Hundreds of them maintain farms as a second income and commute to work each day from as far away as 60 miles.

Without the excellent highways of the area, it would not be possible for them to have access to technical and skilled jobs such as are offered by Monsanto and other industry here.

Naturally, the availability of water transportation has affected Monsanto's growth since construction of our initial plant at Decatur. We began operations in 1952 with one product, Acrilan acrylic fiber, and 200 employes. Through the years we have been able to grow and expand, offering more jobs and bigger payrolls as an incentive to workers to stay in this area. Today, we have two Acrilan plants, one Polyester Staple Plant, a Polyester Tire Yarn Plant, a Nylon Intermediates Plant and a ChemCoke Plant, with approximately 2700 employes. Much of our raw material and all the coal we use in our expanded operations comes to us by waterway. In fact, we received approximately 100 million tons of such materials by water transport each year, thanks to the deep water system available. Without this system, we probably could not offer the number of jobs we do today.

These employes who work with us each day enjoy a payroll in excess of $25 million annually, not to mention more than $6 million dollars in employes benefits. These dollars, together with our purchases in excess of $25 million in the area, create an additional 7,000 jobs. It is most impressive to note that if all persons receiving their employment, either directly or indirectly, through our industry were living in one community, we would be furnishing employment for some 10,000 people. This is an example of what having electricity, water, highways and good community attitudes toward business and the free enterprise system can mean to a basically rural area.

A large industry such as ours utilizes sizeable amounts of water in cooling operations. Our plant uses some 180 million gallons of river water, and approximately 7 million gallons of city water each day. The river water is returned to its source, completely unharmed and free from contamination.

Large amounts of electrical energy have been important in the past in helping assure expansions and additions to our facilities. However, recent rate increases and increases in the price of coal most certainly affect future thinking about further additions and expansions, as this area may become no longer competitive in these raw materials with other places in the nation.

Most of our employes have acquired the skills they need to function in the Decatur Plant's technologically advanced operations through on-the-job training. However, we have cooperated and look forward to even closer cooperation in the future with the local and area vocational and trade schools in developing portions of the skills which future employes must have.

The Decatur location furnishes employment for a large number of college graduates from a wide area of the nation. In addition, we employ in technical positions many local and area young people who have gone off to college but wanted to continue their careers in their hometown area.

Monsanto's most valuable assets are its quality employes. People of the Tennessee Valley region believe in and support the free enterprise system and have good attitudes toward business and its needs.

Because of this our Decatur Plant has been able to enjoy almost continuous growth and progress during its more than 19 years of operations in what is basically a rural region. As long as these attitudes and other advantages prevail, we look forward to even more growth in the future.

STATEMENT OF CURTIS P. SELLERS, SUPERINTENDENT, DECATUR CITY SCHOOLS, DECATUR, ALA.

The Decatur City School System is one of the most progressive school systems in the South today. Prior to 1933, education in the towns of Decatur and Albany was similar to other agrarian dominated towns in the South.

The consolidation of Decatur and Albany into the present city of Decatur in 1927 subsequently led to the formation of the Decatur City School System in 1933. The unification of the two school systems signaled the beginning of a foundation from which the people of Decatur could develop a quality school system to educate their children.

The number of students attending public schools in Decatur has increased proportionately to the general population. The student population has steadily grown from 3,695 in 1940 to 9,400 in 1971.

It has been said that a school system reflects the image and totality of the community which sustains it. Decatur is a classic example of this axiom. The progress of the education system can be traced directly to the drive by citizens to improve the quality of life through proper utilization of the abundant natural resources of the region.

The Tennessee Valley Authority was the catalyst which began the unprecedented economic development of Decatur and the surrounding area in the 1930s. The school system of Decatur was an equal partner in this unparalleled economic development. By providing a high quality of education for the people, a highly skilled labor force was available to new and expanding industry in the late 1940s.

It was determined by the community leaders that an even more improved school system would complement the availability of other resources in the community toward attracting additional industry, thereby providing greater employment opportunities for the population.

The industrial and civic leaders deliberately set out to improve the physical facilities, upgrade the faculty in each school, expand the curriculum, improve administration, increase financial support, and improve the image of education.

Through the combined efforts of the Chamber of Commerce, local civic organizations and citizens, the first of a series of bond issues was approved to build a number of new school buildings.

Since 1950 approximately ten million dollars has been spent by local citizens to upgrade the quality of school buildings. This placed Decatur in a position of leadership in the state in providing modern school facilities.

At the present time physical facilities include 9 elementary, 2 middle, and 2 high school buildings. A new vocational wing at Austin High School and a central administrative building are being planned.

Physical facilities alone were not enough to provide the quality of education demanded by the community.

The curriculum and program of studies were upgraded to provide students of Decatur with skills and knowledge to allow them to compete with graduates from all parts of the country.

The Board of Education and professional staff have charted a course of progressive education that will carry Decatur into the next century of educational innovation through utilization of federal support, citizen involevment, use of technological advances, curriclum innovation, and organizational structure.

Decatur quickly, following court orders in 1968, disestablished the dual school system for black and white students. At the present time, all students in the city have equal educational opportunities. Through community involvement and understanding, the unitary school system was established without disruption. As a result, the Decatur school system has been able to pursue federal funds without restraint.

A significant amount of federal funds are being utilized in the operation of Decatur schools. These include all titles under the Elementary-Secondary Act of 1965, National Defense Education Act of 1958, Appalachia Act, Vocational Act of 1963, Public Law 874, Headstart, Emergency School Act, and Title IV of the Civil Rights Act.

ALL SCHOOLS ACCREDITED

Through a combined effort of all citizens, city government and professional personnel, all schools in Decatur are accredited by the Southern Association of Colleges and Schools and the State Department of Education. Decatur is the only major school system in Alabama that has all elementary and secondary schools accredited. Accreditation insures that high standards are maintained in each school.

The additional financial resources required to attain full accreditation were provided by taxes at the local level.

CITIZEN INVOLVEMENT

Citizens play a vital role in the Decatur school system. There is continous dialogue between citizens and school personnel through conferences, study groups and local school organizations. An example of citizen participation is found in a recent task force study which involved over one hundred parents, teachers, principals, and students. The six task forces spent six months in study of kindergarten education, vocational education, use of technology in education, special education, guidance services and curriculum. Based upon recommendations from the task forces, a five-year plan of improvement is being developed.

Each year business leaders and teachers exchange visits. Business-Industry Education Day allows some two hundred business and industrial leaders to visit all schools in the city. They see firsthand the education process in action. This activity provides a greater understanding of the strengths and problems faced by education. On the return visit, some five hundred educators visit industrial plants and businesses. The visit by educators to business and industry creates a better understanding of the free enterprise system and helps keep teachers better informed about the economy of Decatur.

Many civic organizations contribute their time and resources to the school system through sponsorship of many worthwhile projects and activities.

USE OF TECHNOLOGY

The Decatur City School System is making full use of technological advances. Through a cooperative agreement with the local cable company, a full closed circuit television system is used by teachers to enrich instruction. A wide variety of state and national ETV network programs are available.

A complete data processing system is being used in cooperation with the Morgan County School System to relieve classroom teachers of nonteaching duties.

The data center provides service in test grading, grade reporting, student scheduling, and attendance reporting. Many school business functions are completed with the aide of the computer.

Each school is equipped with a full complement of audio visual material and equipment. Through proper utilization, teachers are able to enrich their instruction and provide a wider range of educational experiences for students.

MIDDLE SCHOOL PROGRAM

Beginning in September of 1971, Decatur will convert its present organization for instruction to the K through 5, 6 through 8, and 9 through 12 plan. Instruction in grades 6 through 8 will utilize the middle school concept of instruction.

The program is designed to individualize instruction for all students and use the team teaching approach. Two new facilities will be opened in September and will house all children in the city in grades 6 through 8.

The planning and construction of the buildings has been in progress over the past three years. Much attention has been given to program development and teacher training for this innovative change.

Decatur is providing statewide leadership in the middle school program. No other school system in the state has developed this innovative method of instruction.

In summary, the schools of Decatur are playing a commanding role in the development of the area. It is through the local education system that future citizens are trained and educated so that they may join the business community and become happy productive individuals.

As a result of the local economic situation, a vast majority of local school graduates are able to obtain employment locally after high school or post high school training.

In addition to an excellent public school system, post high school training is available at colleges and trade and technical schools within a twenty-five mile radius of Decatur. Approximately 65% of Decatur's graduates enter some form of post high school training after graduation.

DECATUR, ALA., *July 5, 1971.*

Hon. HUBERT H. HUMPHREY,
Chairman of Subcommittee on Rural Development, Senate Office Building, Washington, D.C.

SIR: North Alabama is blessed with many modes of transportation; rail, river, air and highway. While I am aware of the significant role played by all types of carriers in this area, it is my belief that truck transportation has and will play the largest role in the development of the rural South.

There are at the present time 20 regular route motor carriers operating out of Decatur, Alabama serving the industrial areas in the North, Northeast, Midwest, Southwest and the West Coast. A shipper in this area can count on a load being delivered to any point east of the Mississippi river and the Southwest within three days and to the West Coast within a week.

While plants located in urban areas can rely on all modes of transportation, in a great many rural areas truck transportation is the only way goods can be shipped and received.

The Textile Industry has many plants in villages throughout the Southeast that rely solely on trucks, this is particularly true of movements of fiber from this area into textile mills in the Carolinas and the entire Appalachian Region. Also there is an ever expanding Mobile Home Industry that is for the most part locating in rural areas and must depend on truck transportation.

In this age when crops are planted and gathered by machine and fields are cleaned by chemicals, every hamlet and village knows the truth of the statement, "If you got it a truck brought it."

Our organization stands ready to assist you and your committee in any way. Please feel free to call on us.

Sincerely,

J. DAN MEANS,
President, North Alabama Traffic Club.

DECATUR, ALA., *July 7, 1971.*

Hon. HUBERT H. HUMPHREY,
Chairman, Subcommittee on Rural Development, Senate Committee on Agriculture, Senate Office Building, Washington, D.C.

DEAR SENATOR HUMPHREY: Enclosed is a progress report of Tri-County District Health Service, a three county public health department, formed September 1, 1968, as an Appalachian 202 demonstration project.

If there is additional information relative to this organization or its program, we shall be pleased to supply such upon receipt of your request.

Very truly yours,

BETTY W. VAUGHAN, M.D.,
District Medical Director, Tri-County District Health Service.

In September 1968, Tri-County District Health Service was formed by merging the three individually operated health departments of Lawrence County, Limestone County, and Morgan County into a single body. The formation of District Health Service by the above mentioned merger was officialized by approval of the three county boards of health and the State of Alabama Department of Public Health. The program is financed as follows: Appalachian 202 funds, 75%; local funds-municipal, county and state, 25%.

Prior to the formation of District Health Service, the delivery of public health services to the people within the tri-county area was minimal. Housed in inadequate facilities, poorly equipped, under staffed, without the direction of a full time medical director, the individual health departments offered only limited services on an unscheduled basis. District Health Service was formed to demonstrate the effectiveness of a multi-county health department as opposed to the traditional individually operated county health department.

The basic objecive of District Health Service is to provide a program of comprehensive public and environmental health for all residents of the demonstration area. A secondary objective is to provide a model agency from which other public health districts throughout the states might be patterned.

Listed below are the major problems facing the three county health departments within the district and many others throughout the state and how these problems have been resolved locally since the formation of District Health Service.

I. A CRITICAL SHORTAGE OF HEALTH OFFICERS

Neither Lawrence County nor Limestone County had the service of a full time health officer. The health officers working part time in these counties were unable, due to travel and work load, to spend sufficient time in either county to conduct an organized program. For the 67 counties in Alabama, there exists only 18 health officers, many of whom are elderly or in poor health and three to five are to retire in the near future.

At the time Tri-County District Health Service was formed, Morgan County was fortunate to have for its health officer, Dr. Betty W. Vaughan, a young, well qualified physician who has a great interest in public health and preventive medicine. Dr. Vaughn was made Medical Director of Tri-County District Health Service.

In order to provide Dr. Vaughan with the time necessary to perform the duties of a health officer for three counties, an administrator was employed and the organization was departmentalized as follows: Administrative, Nursing and Environmental and Industrial Health. Directors were employed for each of the departments.

The staff is composed of the department heads and certain specialists who work in all three counties. To each county branch is assigned a staff of nurses, sanitarians, secretaries and aides who may, when needed, be assigned for special duty any place within the district.

The above organization has proven satisfactory. With proper support, it has been demonstrated that a qualified medical director can administer an effective public health program over a multi-county area.

II. A LACK OF STAFF PERSONNEL TRAINED IN PUBLIC HEALTH WORK

Few colleges and universities offer curricula that are public health oriented. Graduates with degrees in health are commonly classroom oriented and require specialized training for public health work. Only one school in the State of Alabama offers training for sanitarians and environmental health workers. Nursing training has been directed toward hospital work rather than public health.

To meet the need for qualified staff for the district, District Health Service employed personnel with educational backgrounds adaptable to public health work and provided specialized training through: inservice training, on the job training, graduate courses, seminars, lectures and training courses offered by the State Health Department, U. S. Public Health Service and other organizations. From the staff training program and job experience, District Health Service has developed a superb staff which is as follows: 1 business administrator, 1 office manager, 1 nursing director, 1 assistant nursing director, 1 environmental health director, 1 district secretary supervisor, 2 milk inspectors, 1 nutritionist, 2 industrial health specialists, 1 community activities coordinator, 21 public health nurses, 5 nurses aides, 8 sanitarians, 1 health services assistant, 1 solid waste supervisor, 4 solid waste workers, and 14 secretaries.

While District Health Service has been fortunate in obtaining and keeping quality staff members, a continuous problem has been the provision of a salary scale sufficient to attract qualified personnel to public health work. Higher pay scales offered by hospitals and private business and industry poses a continuous threat to the maintenance of the staff necessary to the conduct of a comprehensive public health program.

III. AN INADEQUATE PROGRAM IN SCOPE AND CONCEPT

Prior to the formation of District Health Service, there existed no organized programs of public health and the services offered by the individual health departments were limited and of poor quality.

Entrusted with the enforcement of local and state health regulations, the health departments could provide no more than spasmodic inspections with no follow-up. Many establishments which should have been inspected were never seen by the environmental health workers due to the fact that only three sanitarians were employed for the entire district. There had been no work done in the areas of solid waste disposal, air and water pollution or industrial health.

Home nursing service had not been provided and home visitation was limited. No organized clinic services were available. School nursing services were limited to one county system. There existed no staff training or consumer education programs.

With the formation of District Health Service, program components were added as rapidly as staff became available to conduct such programs. Currently being offered in all areas of the district are the following regularly scheduled programs: Inspection and follow-up on all food handling establishments . . . restaurants, cafes, meat markets, school lunch rooms, dairies, milk processing plants, bottling plants, hospitals, rest homes, day care centers and nursery schools. Inspection of all barber and beauty shops, swimming pools, subdivisions, septic tank installations and water supplies, local and municipal. A solid waste disposal program with two approved landfills in operation and two additionally planned. A program of industrial health to all local industry. Studies in air and water pollution, radiological exposure, disease and vector control.

Regularly scheduled clinics are offered daily at each health department. Existing clinics are: well baby, maternity, immunization, tuberculosis x-ray, tuberculosis out patient, family planning, and venereal disease.

A school health program is ongoing in all school systems within the district. Home nursing service is available throughout the district. Home visitation in conjunction with clinic scheduling and follow-up is conducted regularly throughout the district, especially in the outlying, rural areas. A program of nutritional education and planning is offered in conjunction with the clinics and in the homes throughout the district.

Planned for the future are the following: satellite clinics in the rural areas and/or mobile clinic services. A program of public information and education. An intensified program of nutrition aimed at the elimination of nutritional anemia and malnutrition in children, teenagers and adults. A program of disease prevention and control. A program of pollution control. An intensified program of screening and follow-up treatment, immunization and nutrition directed toward children from underprivileged homes.

IV. INADEQUATE FACILITIES

The health departments in Morgan and Limestone counties are housed in old facilities completely inadequate in design and equipment. Any expansion of the building type program components has been curtailed by these facilities.

A new building to house the district headquarters, Morgan County Health Department and the State District Laboratory will be occupied in July 1971.

Construction will begin in September 1971 on a new building to house Limestone County Health Department Branch.

The addition of these two facilities funded by Appalachian 202 funds, Hill Burton Funds, and local funds will enable all aspects of the ongoing programs to be expanded and upgraded.

V. PUBLIC APATHY

The importance of a program of public health to a community had not been brought to the attention of the citizenry prior to the formation of District Health Service. The health department had become identified as a "dreary old place where poor people went for free treatment and where shots were given free". There existed little or no local support for the health department. The public was unaware of the existence of such a service as a comprehensive public health service.

Through the conduct of an intensified program of public information through the media; through public appearances by the health officer and her staff at civic clubs, school groups, church groups; through cooperation with such agencies as Crippled Children's association, Community Action, Welfare, Rehabilitation, Mental Health, schools, local governing bodies and local boards of health, District Health Service has created a great deal of public awareness and encouraging public support for its programs and activities. Of great encouragement is an apparent awareness of and increased public demand for the services available from the local health department as it functions today. Increased public awareness and support will be essential to the continuation of the ongoing program and the programs planned for the future which in the overall delivery of adequate health services within the district are considered to be a vital component.

DECATUR, ALA., *July 6, 1971.*

Hon. HUBERT H. HUMPHREY,
Chairman, Subcommittee on Rural Development,
Senate Office Building, Washington, D.C.

SIR: Morgan County and the City of Decatur, Alabama, located on the Tennessee River in North Alabama are outstanding examples of the value of Federal, State, and local government agencies working together with local citizens to provide work opportunities for our young men and women living on farms of the surrounding area.

In 1933 the Tennessee Valley Authority came into the Valley providing an all year navigation channel on the river, ample electric power at reasonable rates, and most of all elimination of malaria which had for so many years throttled our people. It was an area of a debilitated people, with no ambition, ill suited for workers in industry and even to do a good job at farming.

A new day for the Tennessee River Valley had dawned. In the beginning progress was slow. In 1949 a new non-profit agency was formed by local citizens to devote its entire time to industrial development of the region. This agency was supported financially by the local municipal electric systems and the electric coops of the area. Malaria had been completely eliminated. A new ambitious citizenry was at hand, anxious to work and to remain at home.

The net out-migration from 1950 to 1960 in the North Alabama area was approximately 38,000. We were losing the most ambitious, the cream of the crop, of our young men and women. If we value the cost of housing, clothing, food and education of these young people at only $5,000 per person, then the out of pocket expenditure for this 38,000 is $190,000,000, a loss that we could not continue to sustain.

It is not difficult to understand the pulling together of our citizens throughout the Decatur and Morgan County area to stop this loss. We were determined more than ever to develop local work opportunities for our young men and women to keep them at home.

The record speaks for itself: Covered workers (Alabama Department of Industrial Relations) in Morgan County (Decatur) increased from 7,793 in 1955 to 21,165 in 1970. Wages of covered workers in 1955 totaled $27,624,000, and this had increased to $144,515,000 in 1970. These figures do not include workers at Redstone Arsenal (Huntsville).

We estimate that a minimum of 50% of covered workers, shown above, live on surrounding farms of the immediate area. These workers return to the farms some $72,000,000 per year earned in the Decatur area. This sum far exceeds the value of all farm crops of the three county area.

The 1970 U.S. Census shows that Morgan County gained an *in*-migration of 6,025 and the North Alabama area a gain of 35,000, as compared to an *out*-migration of 38,000 in 1960. This means that we have over the last several years developed local work opportunities for not only our native people but 35,000 additional who migrated into the area.

It is significant that the water front of Decatur, approximately seven miles in length, is now almost completely developed. Industry has invested some $700,000,000 along this water front in facilities to provide work opportunities for our people. Before this decade has passed this investment will exceed one billion dollars. It is interesting to note that twelve of Fortune's 500 largest corporations have industrial plants in Decatur.

This outstanding growth of industrial workers and its effect on the economy of the area has made it necessary for the city and county to finance major projects in education, recreation, urban renewal programs, low cost housing projects, and up grading the downtown areas, all with the aid of Federal and State funds.

Today Decatur is on solid ground with a broad diversified industrial and commercial complex. Gross farm income is at a peak. Land values were never so high. All of this because of an energetic people, working with their Federal Government, determined to develop work opportunities at home for its own, always keeping uppermost a healthy, invigorating environment.

Very truly yours,

T. D. JOHNSON,
Executive Director, North Alabama Industrial Development Association.

COVERED WORKERS—SELECTED NORTH ALABAMA COUNTIES, 1955 THROUGH 1965

County	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Cherokee	348	661	762	693	1,230	1,190	973	1,060	980	1,274	1,146
Colbert [1]	8,262	9,920	11,676	11,567	12,136	11,156	11,159	11,308	11,408	11,904	12,600
Cullman	2,192	2,998	3,165	3,613	3,898	4,324	4,322	4,480	4,802	5,355	5,738
DeKalb	2,368	2,825	2,802	2,837	3,162	3,422	3,573	3,542	3,478	3,546	3,856
Franklin	1,494	1,492	1,509	1,343	1,614	1,744	1,746	1,871	2,267	2,520	2,882
Jackson	2,232	2,977	2,975	2,927	3,122	3,198	3,220	3,332	3,586	3,856	4,087
Lauderdale	5,042	6,237	5,888	5,803	5,977	6,181	6,118	6,310	6,570	6,824	7,360
Lawrence	294	539	562	608	652	706	910	1,135	1,279	1,305	1,299
Limestone	1,232	1,727	1,872	1,923	2,212	2,223	2,208	2,230	2,318	2,645	2,778
Madison [1]	10,004	12,484	13,470	15,214	18,444	17,811	20,132	24,062	30,004	35,950	42,772
Marshall	3,384	4,463	4,889	5,132	5,634	5,708	5,984	6,400	6,630	7,104	7,614
Morgan	7,793	9,140	10,091	10,175	11,013	11,612	12,108	13,188	13,989	16,391	19,300

[1] Totals only, not averaged. Above figures do not include Government workers at Redstone Arsenal (Madison County) and the Tennessee Valley Authority (Colbert County).

Source: Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

AVERAGE MONTHLY COVERED EMPLOYMENT—NORTH ALABAMA COUNTIES, 1965 THROUGH 1968

County	1965	1966	1967	1968
Cherokee	1,146	1,746	1,385	1,707
Colbert [1]	12,600	12,944	13,158	13,004
Cullman	5,738	6,356	6,856	7,111
DeKalb	3,856	4,022	4,063	4,202
Franklin	2,882	3,079	2,928	3,111
Jackson	4,087	4,578	5,222	5,374
Lauderdale	7,360	7,731	7,675	7,[illegible]
Lawrence	1,299	1,454	1,648	1,844
Limestone	2,778	3,120	3,270	3,397
Madison [1]	42,772	45,029	41,511	40,148
Marshall	7,614	8,066	8,244	9,072
Morgan	19,300	19,549	18,324	18,373
Area	111,432	117,674	114,284	115,251
Alabama	616,148	714,735	720,002	735,729

[1] Figures do not include Government workers at Redstone Arsenal (Madison County) and Tennessee Valley Authority (Colbert County). Data included in State totals only.

Source: Statistical bulletins, Alabama Department of Industrial Relations.

WAGES FOR COVERED EMPLOYMENT—SELECTED NORTH ALABAMA COUNTIES, YEARS 1955 THROUGH 1960

[Amount in dollars]

County	1955	1956	1957	1958	1959	1960
Cherokee	725,509	1,335,553	1,717,156	1,558,872	4,240,972	4,573,594
Colbert	32,878,238	41,191,441	53,053,909	55,138,543	61,563,153	56,535,466
Cullman	4,998,532	7,239,921	7,704,214	9,411,504	10,392,215	11,980,422
DeKalb	5,513,182	6,805,593	6,981,443	7,015,944	8,632,807	9,408,386
Franklin	3,652,076	3,927,184	4,008,551	3,319,696	4,151,049	4,677,574
Jackson	4,823,916	6,799,094	7,000,497	7,197,009	8,356,295	8,721,765
Lauderdale	13,576,308	17,991,671	18,365,168	18,924,986	20,258,805	21,498,918
Lawrence	493,182	1,021,025	1,000,610	1,255,971	1,346,205	1,528,508
Limestone	2,615,477	3,798,700	4,298,376	4,617,654	5,718,960	5,943,348
Madison	30,484,262	38,689,337	45,727,518	59,142,131	75,810,470	75,474,153
Marshall	8,440,533	11,349,936	13,102,264	14,164,859	15,724,851	16,747,504
Morgan	27,623,513	32,505,715	38,746,367	39,801,626	44,782,252	48,168,880

Source. Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

WAGES FOR COVERED EMPLOYMENT—SELECTED NORTH ALABAMA COUNTIES, YEARS 1961 THROUGH 1966

County	1961	1962	1963	1964	1965	1966
Cherokee	3, 111, 261	3, 021, 788	2, 927, 309	4, 028, 561	3, 676, 760	6, 613, 000
Colbert	59, 287, 345	64, 291, 783	65, 698, 788	72, 045, 486	77, 605, 903	82, 014, 600
Cullman	12, 629, 244	13, 588, 201	15, 072, 337	18, 128, 684	20, 483, 819	23, 708, 000
DeKalb	10, 410, 000	10, 604, 460	10, 672, 357	11, 758, 399	13, 626, 187	14, 484, 300
Franklin	4, 824, 061	5, 619, 361	6, 942, 181	8, 177, 832	9, 722, 274	10, 885, 700
Jackson	9, 060, 245	9, 710, 785	11, 083, 279	12, 679, 523	13, 967, 122	17, 379, 900
Lauderdale	21, 977, 476	23, 203, 009	24, 892, 919	27, 356, 521	30, 545, 990	33, 265, 600
Lawrence	2, 381, 719	2, 975, 143	3, 253, 374	3, 459, 748	3, 936, 060	4, 805, 000
Limestone	5, 942, 754	6, 249, 560	6, 822, 969	7, 779, 502	9, 125, 242	10, 594, 600
Madison	89, 685, 561	116, 254, 852	159, 178, 844	208, 980, 126	265, 848, 875	287, 856, 900
Marshall	17, 878, 179	20, 248, 209	22, 124, 602	24, 924, 063	27, 929, 874	30, 642, 900
Morgan	50, 501, 578	58, 033, 152	63, 734, 948	80, 157, 832	102, 693, 414	106, 537, 700

Source: Statistical bulletins, Alabama Department of Industrial Relations, Montgomery, Ala.

ANNUAL PAYROLLS FOR COVERED EMPLOYMENT—NORTH ALABAMA COUNTIES, 1965 THROUGH 1968

[Amount in dollars]

County	1965	1966	1967	1968
Cherokee	3, 676, 760	6, 613, 000	5, 162, 800	6, 795, 800
Colbert [1]	77, 605, 963	82, 014, 600	86, 380, 000	88, 427, 700
Cullman	20, 483, 819	23, 708, 000	26, 845, 200	30, 405, 500
DeKalb	13, 626, 187	14, 484, 300	15, 239, 800	17, 071, 700
Franklin	9, 722, 274	10, 885, 700	11, 347, 400	13, 440, 700
Jackson	13, 967, 122	17, 379, 900	23, 377, 200	24, 651, 600
Lauderdale	30, 545, 990	33, 265, 600	34, 406, 200	38, 149, 800
Lawrence	3, 936, 060	4, 805, 000	5, 929, 400	7, 048, 800
Limestone	9, 125, 242	10, 594, 600	12, 012, 000	13, 902, 800
Madison [1]	265, 848, 875	287, 856, 900	271, 208, 000	278, 018, 200
Marshall	27, 929, 874	30, 642, 900	33, 559, 400	39, 668, 700
Morgan	102, 693, 414	106, 537, 700	103, 201, [illegible]	109, 899, 700
Area	579, 161, 500	628, 788, 200	628, 668, 400	667, 481, 000
Alabama	2, 987, 953, 200	3, 767, 476, 700	3, 927, 383, 500	4, 274, 096, 300

[1] Figures do not include Government workers at Redstone Arsenal (Madison County) and Tennessee Valley Authority (Colbert County). Data included in State totals only.

Source: Statistical bulletins, Alabama Department of Industrial Relations.

AVERAGE NUMBER OF MANUFACTURING WORKERS AND ANNUAL MANUFACTURING PAYROLLS IN NORTH ALABAMA COUNTIES, 1958 THROUGH 1961

County	1958		1959		1960		1961	
	Average npmber workers	Annual payrolls	Average number workers	Annual payrolls	Average number workers	Annual payrolls	Average number workers	Annual payrolls
Cherokee	427	$901,507	478	$1,113,420	322	$818,677	442	$1,215,266
Colbert	7,415	39,734,082	8,062	45,606,704	7,632	43,884,588	7,461	45,412,650
Cullman	1,547	3,588,922	1,671	4,521,112	1,880	5,227,408	1,991	5,773,929
DeKalb	1,857	4,326,538	1,989	5,214,048	2,130	5,574,199	2,209	6,187,228
Franklin	537	1,415,655	699	1,761,820	748	1,906,293	734	2,045,318
Jackson	1,693	4,186,431	1,785	4,740,184	1,882	5,078,164	1,882	5,280,105
Lauderdale	1,799	6,536,665	2,019	7,630,072	1,978	7,875,597	1,946	7,956,595
Lawrence	303	521,237	360	755,824	431	952,542	581	1,530,167
Limestone	616	1,429,600	719	1,785,452	719	1,828,388	738	1,893,227
Madison	3,995	14,465,066	4,173	15,824,760	4,204	16,529,232	4,401	18,723,080
Marshall	2,275	6,691,902	2,708	7,687,884	2,682	8,272,493	3,104	9,609,279
Morgan	5,312	25,104,600	5,682	27,989,240	5,595	27,840,480	5,889	29,368,841
Area	30,371	114,926,072	25,375	132,182,788	33,244	133,485,347	34,650	143,473,309
Alabama	230,523	916,343,635	233,875	980,014,453	232,565	996,221,654	227,160	994,013,900

Source: Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

AVERAGE NUMBER OF MANUFACTURING WORKERS AND ANNUAL MANUFACTURING PAYROLLS IN NORTH ALABAMA COUNTIES, 1962 THROUGH 1965

County	1962		1963		1964		1965	
	Average number workers	Annual payrolls	Average number workers	Annual payrolls	Average number workers	Annual payrolls	Average number workers	Annual payroll
Cherokee	637	$1, 814, 056	529	$1, 495, 355	644	$1, 901, 629	642	$1, 990, 230
Colbert	7, 663	50, 448, 982	7, 956	52, 618, 148	8, 445	57, 909, 139	8, 701	60, 210, 381
Cullman	1, 988	6, 100, 189	2, 085	6, 801, 308	2, 397	8, 117, 641	2, 581	9, 446, 013
DeKalb	2, 282	6, 621, 790	2, 208	6, 540, 893	2, 180	7, 125, 834	2, 328	7, 830, 238
Franklin	700	2, 166, 303	971	3, 139, 028	1, 171	3, 881, 865	1, 456	4, 924, 258
Jackson	2, 009	5, 808, 596	2, 449	7, 594, 058	2, 559	8, 341, 761	2, 672	9, 040, 984
Lauderdale	1, 958	8, 395, 644	2, 051	9, 179, 553	2, 207	10, 439, 159	2, 316	11, 216, 028
Lawrence	797	2, 068, 544	940	2, 378, 841	954	2, 453, 951	920	2, 737, 077
Limestone	754	2, 111, 025	730	2, 064, 906	949	2, 446, 880	915	2, 833, 504
Madison	6, 940	39, 219, 011	8, 533	52, 472, 758	10, 210	70, 280, 465	12, 264	89, 558, 448
Marshall	3, 393	11, 442, 028	3, 317	11, 405, 821	3, 407	12, 659, 775	3, 815	14, 376, 944
Morgan	6, 828	36, 754, 160	7, 010	38, 085, 016	7, 589	43, 970, 094	8, 556	50, 308, 797
Area	39, 528	182, 294, 674	38, 779	193, 885, 763	42, 712	229, 528, 203	47, 176	264, 472, 902
Alabama	237, 362	1, 099, 929, 915	245, 209	1, 164, 667, 676	254, 798	1, 277, 423, 362	275, 034	1, 442, 974, 600

Source: Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

AVERAGE NUMBER (MONTHLY) OF MANUFACTURING WORKERS AND ANNUAL MANUFACTURING PAYROLLS IN NORTH ALABAMA COUNTIES, 1966 THROUGH 1968

County	1966		1967		1968	
	Average number workers	Annual payrolls	Average number workers	Annual payrolls	Average number workers	Annual payrolls
Cherokee	1, 266	$4, 867, 600	895	$3, 314, 700	1, 151	$4, 574, 400
Colbert [1]	8, 778	62, 268, 100	8, 970	66, 052, 100	8, 560	66, 072, 800
Cullman	3, 037	11, 614, 700	3, 684	14, 921, 600	3, 963	17, 785, 100
DeKalb	2, 403	8, 372, 600	2, 406	8, 942, 200	2, 548	10, 414, 800
Franklin	1, 596	5, 766, 300	1, 484	6, 108, 700	1, 611	7, 500, 300
Jackson	3, 049	10, 946, 600	3, 197	11, 998, 900	3, 715	16, 896, 600
Lauderdale	2, 362	11, 563, 900	2, 546	12, 883, 700	2, 676	14, 635, 100
Lawrence	1, 048	3, 458, 200	1, 189	4, 241, 900	1, 325	4, 902, 700
Limestone	1, 021	3, 356, 700	964	3, 424, 500	1, 402	5, 694, 900
Madison [1]	12, 421	91, 324, 800	11, 024	81, 041, 100	11, 042	85, 899, 300
Marshall	4, 037	15, 826, 600	4, 217	17, 568, 600	5, 176	23, 415, 500
Morgan	9, 239	57, 336, 400	9, 305	60, 443, 000	9, 951	68, 840, 300
Area	50, 257	286, 642, 500	49, 881	290, 941, 000	53, 120	326, 631, 800
Alabama	291, 340	1, 575, 751, 600	295, 383	1, 647, 472, 200	304, 944	1, 816, 950, 000

[1] Figures do not include Government workers at Redstone Arsenal (Madison County) and Tennessee Valley Authority (Colbert County). Data included in State totals only.

Source: Statistical bulletins, Alabama Department of Industrial Relations, Montgomery, Ala.

AVERAGE NUMBER OF WORKERS AND PAYROLLS—NORTH ALABAMA AREA, 1969

County	All covered employment		Manufacturing industries	
	Average number workers	Annual payrolls	Average number workers	Annual payrolls
Cherokee	1, 657	$6, 836, 300	1, 114	$4, 397, 400
Colbert	14, 820	106, 861, 700	9, 979	81, 409, 200
Cullman	7, 786	36, 085, 200	4, 432	21, 585, 800
DeKalb	4, 529	19, 590, 300	2, 815	12, 231, 500
Franklin	3, 524	16, 100, 309	2, 036	9, 750, 700
Jackson	6, 359	32, 462, 600	4, 079	20, 050, 300
Lauderdale	8, 570	43, 343, 600	3, 055	17, 028, 000
Lawrence	1, 632	8, 109, 800	718	2, 674, 100
Limestone	3, 563	15, 484, 400	1, 441	6, 440, 700
Madison	40, 158	281, 676, 100	10, 895	82, 232, 400
Marshall	9, 408	43, 555, 900	6, 393	25, 588, 800
Morgan	20, 316	130, 826, 300	11, 164	81, 344, 100
Area	122, 322	740, 932, 500	57, 121	364, 733, 000

Note: Federal Government data not included in above.
Source: Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

AVERAGE NUMBER OF WORKERS AND PAYROLLS—NORTH ALABAMA AREA, 1970

County	All covered employment		Manufacturing industries	
	Average number workers	Annual payrolls	Average number workers	Annual payrolls
Cherokee	1,264	$5,415,900	691	$2,732,400
Colbert	14,173	104,735,900	9,355	77,654,800
Cullman	8,185	40,439,400	4,707	24,422,300
DeKalb	4,814	21,568,600	3,057	13,605,800
Franklin	3,530	16,573,300	1,970	9,530,600
Jackson	6,955	41,082,500	4,216	22,957,400
Lauderdale	8,632	46,267,400	2,952	17,672,400
Lawrence	2,363	15,073,300	970	4,476,900
Limestone	3,693	16,743,300	1,685	7,852,600
Madison	40,986	293,578,900	12,155	88,634,200
Marshall	9,634	46,916,200	5,494	26,931,500
Morgan	21,165	144,514,500	11,066	84,206,300
Area	125,394	792,909,200	58,318	380,577,200
State of Alabama [1]	768,867	5,007,557,800	321,759	2,088,919,700

[1] Federal Government data included in total, not distributed by county or industry.

Source: Statistical bulletin, Alabama Department of Industrial Relations, Montgomery, Ala.

DECATUR, ALA., *July 6, 1971.*

Senator HUBERT H. HUMPHREY,
Chairman, Subcommittee on Rural Development, Senate Committee on Agriculture, Senate Office Building, Washington, D.C.

DEAR SENATOR HUMPHREY: One of Alabama's oldest transportation companies, under the same continuous management—that of W. J. Williams, was just a one truck operation when TVA began in 1933. Today, Decatur Transfer & Storage, Inc., of Decatur, Alabama along with its affiliated companies, Decatur Transit, Inc., Decatur Petroleum Haulers, Inc. and Rocket City Rental, Inc., comprise one of the most versatile and complete transportation complexes in the South.

When TVA started clearing land for the Wheeler Dam Reservoir, the firm started expanding. Decatur Transit, Inc. was started by hauling workers, tools and water by bus and truck to the Wheeler Dam site. Later, this operation expanded into bus and cab service within the city of Decatur and eventually to nearby Hartselle, Alabama. Decatur Transit is also agent for Greyhound and Trailways bus lines and is a Hertz System licensee for rental and leasing of cars and trucks in Decatur. The company also operates Courier service throughout North Alabama.

Decatur Petroleum Haulers, Inc. was established in 1939 as a direct result of the new liquid petroleum terminals that were built in Guntersville, Decatur and Sheffield, Alabama on the new TVA lakes. Today the firm is a Common and Contract carrier of liquid and dry bulk commodities, such as gasoline, light oils, road building materials, liquid fertilizers, chemicals and coke. Over one million dollars is invested in rolling equipment plus another half million dollars in lease equipment to cover all of North Alabama and eleven states.

Rocket City Rental, Inc. was organized as the Hertz System licensee for car and truck rental in the fast growing Huntsville, Alabama area, and the company now serves the new, modern Huntsville-Decatur Jetport.

Decatur Transfer & Storage, Inc. which started as Williams Transfer Co., the original company of this transportation complex, is one of the charter member agents of Allied Van Lines, world wide movers of families. This company serves the entire North Alabama area including Decatur, Huntsville and Sheffield as an Allied Agent and also handles local moving and cartage, complete household goods and commercial storage, pool car distribution, crane service and industrial waste handling. The company also handles piggyback service for L. & N. Railroad and is the local representative for pick up and delivery of Air Cargo for the commercial airlines. The company is also contract agent in the Decatur area for liquid fertilizer for Air Products & Chemicals, Inc. Escambia Plant.

As further evidence of the faith that Mr. Williams and his management team had in the future of the Tennessee Valley area, negotiations were started in 1965 to acquire the old TVA river use terminal with the dream of turning this into one of the most modern and complete river-rail-truck and warehouse facilities in the TVA area. More than $1,250,000 has been spent in renovating, modernizing and enlarging this facility that now, nearing completion, is a reality and is known as the Port of Decatur.

The Port of Decatur offers complete service for shippers along the Tennessee River. The Tugboat, "Mary Ethel," with two D343 Caterpillar Diesel engines providing 670 hp. can handle the largest barge tows operating on the river, providing 24 hour, 365 days a year barge switching and fleeting service for area industry, towing operations and shippers. The docks and mooring cells are located next to the easement line of the old main river bed stream, a distance of 2,180 feet in length (5½ city blocks), with a minimum 10 foot year-round deepwater channel. A heavy-duty crawler crane and other materials handling equipment is in operation to provide cross-dock transfer from or to barge, rail, truck or inside or outside storage area. A modern dock-side warehouse has over 32,000 sq. ft. of first class sprinklered storage space with 24 ft. wall height for palletized commodities. The company is distributor of all river products dredged by the Tennessee Sand & Gravel Co., Sheffield, which operates the Arrow Transportation Company and is a subsidiary of U.S. Plywood-Champion Papers. All efforts are being made to give the very best service possible to users of water transportation in the Tennessee Valley.

This present-day transportation complex truly had its beginning with the TVA development and because of TVA and the potential it represented, Mr. Williams and his dedicated employees, developed an industry that gives complete transportation service to the entire area and employment to some 200 persons. More than 18 million dollars has been paid out in wages. Over the last 38 years many millions of dollars have been spent in bringing these companies into existence and in furnishing the equipment needed. For instance more than two and one-half million dollars in equipment is in use today and several million more invested in real estate and buildings.

Decatur Transfer & Storage, Inc. and its affiliated companies are part of the great and growing Tennessee Valley and expects to continue moving forward in the faith of this area that was born with the coming of TVA.

Sincerely yours,

DECATUR TRANSFER & STORAGE, INC.
W. E. SHERMAN, *President.*

STATEMENT OF SIDNEY E. SANDREDGE, PRESIDENT, ATHENS COLLEGE, ATHENS, ALA.

Since Alabama was an infant of 3 years, Athens College has been an influence in the development of the state. For a century and a half, as the college and the state have grown together, Athens College has provided educational opportunities for the young people and adults of its North Alabama community.

Begun by the citizens of Athens as a female academy in 1822, it served as elementary and high school for hundreds of young ladies of the city and for boarding students throughout the area. In 1843 the institution was chartered as a college for women and remained such until 1931 when it became coeducational.

Until the mid-nineteen sixties the great majority of Athens College students were from North Alabama. Since then more than fifty percent of the student body has continued to be residents of the state.

With its background as a girls' school and being sponsored by the Methodist Church, Athens College in its early years offered a classical kind of liberal arts education aimed primarily at preparing school teachers and ministers. These continue to be important areas in the college curriculum.

Athens College graduates are found in every school system in North Alabama and in high percentages in others. However, an even greater number of teachers attend the college workshops, laboratories, and academic classes for continuing education and re-certification.

Hundreds of ministers, serving churches of various denominations in Alabama, have done their undergraduate work at Athens College. Each year twenty or more churches in the surrounding community are served by Athens College student pastors.

In recent years a graduate program has given an opportunity for teachers, executives, and other professional people to continue their education through the daytime or evening program.

A number of persons each year enroll for undergraduate courses and receive their baccalaureate degrees in our evening program while regularly employed in area industry and organizations. This baccalaureate degree program has been particularly popular with nurses and other employees of the health services. Almost every industry in the area has men and women at all levels of employment who have attended or are now attending the college. A significant number of the executive positions in political, industrial, and service organizations are held by Athens College graduates.

During the forties and fifties, as men returned from the service, Athens College expanded its curriculum to meet the needs of its community.

Business Administration, Business Education, and courses in the natural and social sciences were added. The college now offers pre-professional courses in medicine, nursing, law technology, and social work as well as a full range of undergraduate majors.

In addition to formal course work, Athens College has contributed to the economy and the social atmosphere of North Alabama in many ways.

The natural science and social science departments have engaged in research which has been important to the community and to individual industries and agencies. Studies in laser control of water hyacinths and the measurement of thermal pollution of waterways are examples of the type of participation in which our research persons have been engaged.

On the basis of its payroll, Athens College is the largest industry in Athens and Limestone County. It has an annual payroll of approximately 1 million dollars and provides a stable source of employment that does not fluctuate with market changes. The college purchases most of its supplies and equipment from local merchants and relies upon local labor for the services it requires in its operation.

As it has a cosmopolitan student body, Athens College deposits in the surrounding area men and women of trained talent who decide to make their homes in this area or who marry local residents.

These transplanted persons, as well as local people trained at Athens College, provide volunteer leadership of high calibre for churches, schools, civic clubs, and service organizations.

The presence of the college in the community has been, through the years, a source of enrichment for the total populace.

Music lessons, lectures, dramatic programs, athletic events, and study opportunities are available to youth and adults of the college community. During the past year the college has provided such varied programs as: The Old Time Fiddlers Convention, the Iron Butterfly Musical Group, The Atlanta Symphony, Al Capp, Dr. George Buttrick, "An Evening with Shakespeare", "The Fantastics", an elementary art workshop, the Gregg Smith Singers in a choral laboratory, and an Explorer Scout Road Rally.

Many local children take part at the college in music, language classes, gymnastics, and dramatic productions.

The facilities such as the gymnasium, auditorium, pool, and cafeteria have been used frequently by individuals and groups outside the college. Athens College is the seat of a special olympics for retarded children as well as an area science convention and mathematics competition. Most of the personnel for these events are Athens College faculty members or students.

From its inception Athens College has been a community service type of institution. Its development has been intertwined with that of the state and the growth of each has been mutually beneficial to the other. The renewing energy provided the area by the Tennessee Valley Authority has been a source of new life and growth for Athens College; while, at the same time, the college has trained much of the community leadership that was necessary for area development.

NORTH CENTRAL ALABAMA REGIONAL PLANNING
AND DEVELOPMENT COMMISSION,
Decatur, Ala., July 6, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Chairman, Subcommittee for Rural Development, Senate Committee on Agriculture, Senate Office Building, Washington, D.C.

DEAR SIR: The North Central Alabama Regional Planning and Development Commission is comprised of the Counties of Lawrence, Cullman, and Morgan. An area of 2,046 square miles, with a population of 157,032 people, 30 people per square mile in the rural area. The Commission is represented by six members from Lawrence County, six members from Cullman County and nine members from Morgan County. The Commission is funded by ARC, HUD and matched by local funds.

The Planning Commission's main function is to plan for an orderly growth for development, especially for the rural areas. Technical assistance and advise is also offered to towns, cities and counties for development and needed services, such as Regional Housing Authorities, Water and Sewage Systems, Solid Waste Disposal, Recreation, Hospitals, Vocational Education and Law Enforcement. A new community is now being planned for East Morgan County.

A coordinated solid waste project for Lawrence County is unique in that the three towns and cities have polled their resources with the County Government of Lawrence to have a county-wide pickup service with one sanitary landfill for all. An application has been sent to ARC for a $100,000.00 grant to assist in this project.

We at the North Central Alabama Regional Planning and Development Commission want to wish you much success in your endeavor to develop the rural areas of this Nation and offer our assistance to you.

Sincerely,

GUY D. ROBERTS,
Director of Development.

Project and for	Submitted	Approved	Amount
Economic Development Administration:			
Water and sewer, Moulton	July 1970		$987,150.00
Water and sewer, Town Creek	June 1970		273,600.00
Environmental Protection Agency:			
Sewage treatment, Decatur	January 1971		1,406,599.00
Sewage treatment, Hartselle	February 1971		88,500.00
Sewage treatment, Moulton	July 1970		79,530.00
Sewage treatment, Town Creek	June 1970	January 1971	24,000.00
Sewage treatment, Trinity	June 1971	June 1971 [1]	120,850.00
Farmers Home Administration:			
Water and sewer, Town Creek (loan)		June 1971	200,000.00
Water system, Falkville (loan)			500,000.00
Federal Water Quality Administration:			
Decatur sewage	(2)		1,400,000.00
Town Creek	(2)		24,000.00
City of Hartselle	(2)		311,000.00
Alabama Public Library Administration (LSCA): [3]			
Library, Decatur	December 1970		119,863.00
Appalachian Regional Commission:			
Water and sewer, Decatur	February 1971		1,278,690.00
Sewer, Hartselle	do		88,500.00
Library, Decatur	December 1970		39,954.00
Sewer, Trinity	June 1971		190,155.00
Hospital, City of Cullman	August 1969		468,880.00
Vocational Education, City of Decatur			695,000.00
Garbage collection, Lawrence County			100,000.00
Bureau of Outdoor Recreation:			
Smith Lake Park, Cullman County	March 1968	February 1969	47,873.00
Point Mallard, Decatur	September 1968	August 1969	150,000.00
Smith Lake, Cullman County	January 1970	May 1970	208,005.00
Kimbrel Park, Trinity	March 1970	June 1970	1,500.00
Point Mallard, Decatur	March 1971		128,763.00
Neighborhood Facilities (HUD):			
Community Center, Cullman County (Walter Community).	February 1970	May 1970	27,666.00
Community Center, Cullman County (Colony Community).	January 1971		58,063.00
Community Center, city of Decatur	November 1967		215,152.00

Project and for	Submitted	Approved	Amount
Open Space (HUD):			
Parks, Decatur	November 1966	June 1967	$88, 595. 00
Do	November 1967	April 1968	130, 000. 00
Do	May 1971		25, 000. 00
Do	do		102, 500. 00
Do	do		24, 816. 00
Parks, Hartselle		June 1971	47, 800. 00
Do	May 1971		55, 269. 50
Parks, Flint	do		5, 000. 00
Public Works Loans and Grants (HUD):			
Water and sewer, Moulton (loan)	July 1970		680, 360. 00
Sewer, Trinity (grant)	June 1971		133, 818. 00
West Morgan Water and Fire Protection Authority			500, 000. 00
Eight Mile Water and Fire Protection Authority (Cullman County).			500, 000. 00
Regional Housing Authority of Lawrence, Cullman and Morgan Counties.			3, 720, 000. 00
Law Enforcement Planning Agency:			
Equipment and personnel, Garden City	January 1971		6, 066. 00
Equipment and personnel, Hanceville	September 1970	December 1970	4, 746. 00
Equipment and personnel, Cullman County	do	do	3, 461. 00
Do	do	do	21, 230. 00
Equipment and personnel, Decatur	October 1970	do	30, 034. 00
Equipment and personnel, Morgan County	August 1970		24, 076. 80
Do	do		17, 142. 00
Equipment and personnel, Moulton	do	December 1970	3, 202. 00
Equipment and personnel, Morgan County	do		1, 648. 00
Do	do		12, 458. 00
Equipment and personnel, City of Cullman	July 1970	December 1970	18, 346. 64
Total amount applied for			15, 298, 461. 94
Total amount approved to date			2, 862, 908. 64
Total amount outstanding			12, 435, 553. 30

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[1] Tentative.
[2] Approved.
[3] Proposed programs: Child development, New community.
[4] 310 units, application pending.

STATEMENT OF J. FRANK KEOWN, EXECUTIVE VICE PRESIDENT, TENNESSEE RIVER VALLEY ASSOCIATION, DECATUR, ALA.

Mr. Chairman and members of the committee, I am pleased to appear before you today to briefly tell you about the objectives and activities of the Tennessee River Valley Association. The Tennessee River Valley Association represents the 6.5 million people, businesses and industries throughout the Tennessee Valley in total regional economic development. Association activities are guided by a Board of Directors elected geographically to represent the entire Valley. The governors of the seven Valley states serve as Honorary Directors.

TRVA has a broad based membership representing farmers, banks, industries, electric power distributors, barge lines, city and county governments, newspapers, chambers of commerce and many individuals.

The following are Association objectives:

1. Bring about more effective utilization of leadership and foster interstate cooperation in the seven states of the Valley which includes Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee and Virginia.

2. To foster and promote the whole spectrum of economic growth and development for all who live in the seven states of the River basin.

3. To complement and support the efforts of many local, state and federal organizations dedicated to economic growth and development, and to serve as a channel of communications between these agencies and the business and individual interests of the Valley.

4. To serve as the "voice" of the citizens and speak authoritatively for the whole region in such multipurpose fields as navigation, agriculture, recreation, industry, minerals, manpower development, health, land and water resources.

A few of TRVA's recent activities are as follows:

1. The TRVA Board of Directors met with the Board of Directors of the Tennessee Valley Authority in Knoxville for the purpose of exchanging views on the needs of this Valley with respect to manpower training and the utilization of the natural resources of this Valley.

2. A public position was taken in behalf of a $10 million bond issue in Alabama for the building of the proposed Tennessee-Tombigbee Canal. The bond issue was passed overwhelmingly, following the lead of Mississippi, which had already passed a $20 million bond issue for this same purpose.

3. TRVA has held many sessions with state and regional representatives of the Small Business Administration with mayors, county officials, bankers and other industrial and civic leaders throughout the Valley regarding local economic development.

4. TRVA held a meeting in Knoxville attended by over 600 citizens at which Secretary of Agriculture Orville Freeman was the principal speaker. Secretary Freeman spoke of the program and aims of the United States Department of Agriculture with emphasis upon the development of small communities in the Tennessee Valley so that our people might have the opportunity right at home to live and make a living.

5. TRVA co-sponsored VALLEY MOBILIZATION WEEK throughout the Tennessee Valley in May, 1971 in recognition of the anniversary and creation of the TENNESSEE VALLEY AUTHORITY and the mobilization of regional unity in total resource conservation, development and environmental improvement.

6. TRVA is actively participating in efforts to relieve the national energy crisis and particularly the increased costs of electricity to the citizens and industry in the Valley states. Meetings were held in Washington in December, 1970 and March, 1971 with congressional representatives, the Federal Power Commission, President's Emergency Council, Federal Trade Commission, President's Advisor on Consumer Affairs, and the Attorney General of the United States. Plans are being developed in this most important matter to reach a conclusion that is favorable to the people of the entire Valley.

7. TRVA, in conjunction with leading banks, universities, and the Agricultural Division of the Tennessee Valley Authority, sponsors agriculture and agri-business meetings in the Valley. Meetings of leading authorities and advisors with agriculture and agri-business interests and the financial community can mean millions of additional income dollars for the people of the Valley.

We are very appreciative of this opportunity to briefly present information concerning the regional economic development work that TRVA is engaged in and solicit your help and continued support in the improvement of the economic lot of the citizens throughout the Tennessee Valley.

STATEMENT OF DENNIS Q. OPHEIM, DIRECTOR, TRI-COUNTY APPALACHIAN REGIONAL HEALTH PLANNING COMMISSION, DECATUR, ALA.

It is a distinct pleasure to have members of the Senate Sub-Committee on Rural Development visit in Alabama. We welcome the opportunity to discuss some of the vital issues involved in rural development with members of Congress.

The Tennessee Valley area is endowed with many natural resources which have provided the impetus for industrial development. This area, within the last few years, has been transformed from a basic agricultural area to one of emerging agro-industrial potential. This transition has been accompanied by a corresponding change in population density and occupations represented in the area. Population is becoming less dense in rural areas and is becoming concentrated in the urban areas; and, as might be expected, the percentage of the population earning their living from farming has decreased sharply with a corresponding increase in industrial occupations. Agricultural occupations decreased 3.3 percent between 1960 and 1970, while all other occupations experienced dramatic increases. In 1960, of the total population in District I about 53% was rural compared to 50.6% in 1970.

The effects of industrialization have proved beneficial to the economy of the area; education standards have been upgraded; employment has risen; public works programs have enhanced the urban areas; and a general feeling of well being has been experienced by the citizens. However, health care services, providers, and facilities have not kept pace with these other improvements reaped as a result of the economic gains from industrialization.

Investigations and surveys indicate the lack of adequate health care services in rural America is one of the major factors contributing to the increased migration of rural residents to urban locations. A major concern for the Sub-Committee on Rural Development is how the trend to urban America can be reversed in both the "every day citizen" and the "family physician".

A shortage of physicians and allied health personnel has reached the critical point in rural America. It has become commonplace for these health providers to be required to work sixteen hours a day and more, seven days a week, in order to furnish the most basic and necessary health services. This pace is a killing one, and is not conducive to enticing these essential health providers to remain in a rural environment. Furthermore, these conditions act to discourage newly graduated medical and allied health students from establishing their practice in these rural areas. A position as a resident physician at a large regional or metropolitan hospital offers the young graduate a much lighter work load, a large support staff, and all the newest medical equipment available. With these incentives to remain in the large urban areas, it is no small wonder that only a meager few return to the rural areas to practice their professions.

The physicians and allied health personnel now practicing in rural areas are either retiring or migrating to urban areas and they are not being replaced. This trend has left counties and even groups of counties in Alabama without access to a physician. Unless this trend is checked and reversed, we will witness a further de-population of rural areas and more rapid deterioration in the quality of health care.

Checking and reversing this trend has become one of the major concerns of the Tri-County Appalachian Regional Health Planning Commission—Alabama's 202 health demonstration project funded through the Appalachian Regional Development Act of 1965.

The Tri-County Appalachian Regional Health Planning Commission has been vitally concerned with the impending crisis in health services in this area. This area has been fortunate to have available the funding resources of the 202 program of the Appalachian Regional Development Act, working in partnership with local, state, and other federal programs. This partnership has made possible a realistic approach to assisting the health needs of rural and urban citizens and for developing the rationale for implementing health programs.

The passage of the Appalachian Regional Development Act in 1965, set in motion a large and comprehnsive effort to narrow and ultimately eliminate the wide social and economic gap between Appalachia and the rest of the nation. A special provision of this Act, Section 202, was specifically directed toward improving health conditions by establishing multi-county health demonstration areas within each state.

The Tri-County Appalachian Regional Health Planning Commission was designated in 1968 as Alabama's "202" Health Demonstration Area. Since 1968, due to Appalachian funding, unprecedented strides have been made in this demonstration area ot improve methods of delivering health services. Local involvement of both urban and rural people has assisted our local health planning agency to recognize its responsibility for the coordination of health planning, as an innovator in the health field and as a stimulator for developing new approaches in delivering health care.

Several recommendations made by the President's National Advisory Commission on Rural Poverty appear to be in accordance with the philosophy of the Appalachian Regional Commission.

> "The Commission recommends that the United States adopt and put into effect immediately a national policy designed to give the residents of rural America equality of opportunity with all other citizens. This must include equal access to jobs, medical care, housing, education, welfare and all other public services, without regard to race, religion, or place of residence." [1]
>
> "The Commission is deeply concerned at the evidence of disease and the lack of medical care in rural areas. The Commission, therefore, recommends rapid expansion of health manpower—both professional and subprofessional—in rural areas, and the establishment of Community Health Centers which can focus on the health needs of rural people . . ." [2]

The Tri-County Appalachian Regional Health Planning Commission has taken asserted action toward improving the delivery of health care in rural areas. In converting our concern into action, efforts have been concentrated in the following areas:

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[1] *Appalachia*, The Journal of the Appalachian Regional Commission Vol. I, Nos. 4 & 5, Dec., 1967–Jan. 1968, p. 25.

[2] Ibid, p. 26.

1. ***Alleviating the shortage of health manpower;***
2. ***Upgrading the physical facilities for health care delivery;***
3. ***Improving the quality and accessibility of rural health care services; and***
4. ***Stimulating and developing innovations in the health field.***

Health Manpower Program.—Health manpower training programs have received primary emphasis for the demonstration area. Associate degree programs in nursing and medical records technology, instituted at the local junior college, provide stipend support to disadvantaged rural and urban students. It is believed that if the opportunity to study locally is offered to area students, it is likely that they will remain in the general locality to practice their skills. For those health occupational programs not offered locally, stipend support is provided area students to attend the University of Alabama in Birmingham. An additional program provides for the employment of advanced medical and paramedical students in area health facilities during their vacation periods. This exposure enhances the recruitment potential for the students following their graduation to work in a rural area.

This organization has adopted a regional philosophy for the training of health manpower and has cooperated with the University of Alabama in Birmingham, the Alabama Education Department and area colleges in order to avoid duplication and fragmentation of training programs for health workers.

Health Facilities.—The Tri-County Appalachian Regional Health Planning Commission believes that rural health care delivery can be improved through the upgrading and expansion of health facilities that are easily accessible to rural areas. In accordance with this belief, several projects have been initiated which focus on equipment, renovation and construction of health facilities in the tri-county area. These efforts have established a cardiac-intensive care unit and physical therapy unit in each public hospital in the three counties. Additions have been constructed at the rehabilitation center and public hospitals in two of the counties, and extensive renovation and remodeling has been accomplished at all three hospitals. Also, new buildings are being constructed in which to house county and district health departments.

Health Services.—The major emphasis of the demonstration project will continue to be placed on the improvement of the actual health care services that are delivered to the individual citizen. Programs were initiated in this health demonstration project to improve general health care delivery services such as dental health, public health, emergency services, mental health, and mental retardation.

Steps were taken to provide preventive and restorative dental services to urban and rural indigent school children. A comprehensive dental health education program and a program to aid local communities in fluoridating their water supplies were also implemented.

A regional approach to delivering public health care was designed which incorporated as components the existing county health departments in Lawrence, Limestone and Morgan counties under one public health officer and a centralized expanded staff. The public health services rendered by this organization are heavily utilized by the rural residents of these counties.

In order to improve emergency services in the tri-county area, an effective radio network was implemented to provide communications capabilities between area physicians, hospitals, ambulances, and police and fire departments. Training is being conducted to upgrade the skills of those individuals who might be required to render emergency medical care. Also, adequate configuration and operating standards were established for ambulances.

The recent increase of interest in and concern for mentally disturbed and retarded individuals has caused a trend toward the concentration in this area of treatment services for these ailments. Two developmental centers for the mentally retarded have been established in Decatur. One center, which is to be merged with the five city and county school systems, serves the tri-county area. The other larger, state-operated center serves the thirteen counties in District I. A mental health center and an alcoholism center have been established to serve Lawrence, Limestone, Cullman and Morgan Counties. Satellite clinics and buses operated by these organizations furnish access to these services for those in the rural area.

Innovations.—It is expected that future health care delivery systems will be developed through innovations in the health field. The *Lawrence County Health*

Care Project was designed as an innovative approach for the delivery of rural health care. This effort has been acknowledged by the 24th National Conference on Rural Health and the American Medical Association as a significant and innovative model for rural health care delivery. The *Lawrence County Health Care Project* was developed as a result of cooperation between the local community, the Alabama Regional Medical Program, the Atlanta Office of HEW, the University of Alabama in Birmingham, and the local Health Planning Commission. In addition to initial planning efforts, a MEDEX Training Program has been established by the University of Alabama Medical Center in Birmingham to provide Physician's Assistants to work in this program. It will be further enhanced by the establishment of the Family Practice Residency Program at the University of Alabama in Birmingham and the placement of residents in the rural area.

Another example of an experimental approach is that consultation services from the staff and faculty at the University of Alabama Medical Center in Birmingham have been made available via WATS line to all health personnel in the tri-county area. To promote better continuing education, health personnel from this area may request tapes to be played from a central tape library, and they may also request information through a reference service at the University Reference Library. Another innovative feature of this program is that physicians from this area may transmit electrocardiograms via telephone to the Myocardial Infarction Research Unit at the Medical Center for interpretation or consultation. It is felt that this service will bring the advancements, expertise, and resources of the Medical Center to the local health personnel and enable them to provide better health care, keep them abreast of new discoveries in the health field and add to their overall supply of information and resources.

The significance of the Appalachian "202" Health Demonstration projects is the emphasis given to the delivery of health services. These demonstration areas in these states have experimented for the past three years with new approaches for development of health manpower, delivery of health services, as well as experimenting with the existing health delivery system. The most significant contribution of the Appalachian "202" Health Demonstration Projects has been the effort exerted in the revision and refinement of the annual Health Development Plans. On the basis of revisions to the annual Health Development Plans, a cycle of events occurs; i.e., identification of objectives, development of broad programs and component projects relating to objective accomplishment, submission of projects, approval of projects, implementation of projects, and evaluation of on-going programs.

It has been our pleasure to share with you some of our approaches for improving the delivery of comprehensive health services to our rural population. We would be glad to share any additional information which would be of assistance.

STATEMENT OF GERALD G. WILLIAMS, DIRECTOR, DIVISION OF AGRICULTURAL DEVELOPMENT, TENNESSEE VALLEY AUTHORITY, MUSCLE SHOALS, ALA.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to discuss the importance of agriculture to the development of rural areas. The Congressional Act of 1933 creating the Tennessee Valley Authority provides for the unified development of the Tennessee Valley region and particularly agricultural development as related to:

> . . . proper use of marginal lands . . . agricultural and industrial development . . . prevention of soil erosion . . . production and introduction of new fertilizers . . . for the general social and economic welfare.

These provisions of the TVA Act call for long-range agricultural readjustment and development program activities. Specific rural development activities are conducted in concert with changing rural needs and are directed so they remove barriers to rural growth and development.

The major objective of the Valley agricultural resource development program is to maximize the welfare of rural families through increased income, an advancing rural economy, improved rural services, and preserving the rural environment. As a means of approaching this objective, activities are directed toward specific areas of rural development. One of these areas is to encourage changes in land use compatible with its highest economic capability over time. Another is to promote economical size farm units through adopting new enterprises that make fuller use of underutilized resources such as land, labor, and capital. The adoption of improved technology and management is encouraged. New agricultural enterprises are identified and their income-producing ability evaluated in the agricultural program. New fertilizers developed by the Tennessee Valley Authority are introduced, tested, and their economic potentials evaluated. Expansion of farm size is encouraged through the acquisition of or the right to use additional land. Equitable means for transferring land and land use privileges are being investigated. Hunting, fishing, and other types of outdoor sports are associated with rural living. These activities also require equitable transfers of land use privileges and land easements.

Improved marketing systems consistent with farmer and consumer needs are being accomplished. Changes in the marketing system are necessary as farm production expands, as new enterprises are introduced, and as consumer wants change. Assistance is provided to improve farmer education and bargaining power in the market place. Studies to explore the impact of human, cultural, and institutional restrictions on agricultural and rural communities are in progress. Technical assistance is provided to rural people to improve their ability to adjust to social and economic change. Encouragement and technical assistance are provided citizen organizations who are concerned with plans for developing defined rural areas.

In planning for development, consideration must be given to resources available, the present level of development, and potentials for development. Accomplishments have occurred, but the battle is one of keeping Valley agriculture advancing and adjusting to the economic environment.

TVA has worked for the betterment of its rural citizens since its creation in 1933. Farm product sales have increased many fold. In the 15 north Alabama counties, farm sales were $24 million in 1940 and by 1968 had climbed to $260 million. There is a great potential for further growth.[1] Improvements in north Alabama are similar to those occurring throughout the Tennessee Valley.

FARM RESOURCES

The farm resource base of north Alabama in 1968 consisted of 27,000 farms with 1.7 million acres of cropland, 800,000 acres of pastureland, and $1 billion investment. In the future, farm numbers are expected to decline to 22,000, while cropland will increase slightly to 2 million acres and an additional 900,000 acres will be devoted to permanent pasture. Total capital investment on farms will double to around $2 billion (table 1).

TABLE 1.—NORTH ALABAMA AGRICULTURAL RESOURCE BASE

	1968	Potential
Farms (thousand)	27.0	22.0
Cropland (million acres)	1.7	2.0
Pastureland (million acres)	.8	.9
Investment (billion dollars)	1.0	2.0

Similar estimates were prepared for the Tennessee Valley. These show 165,000 farms in 1964 with 3.2 million acres of cropland harvested and a $4.5 billion investment. Number of farms will decline to 115,000 as farm size continues to increase, cropland harvested will increase to 5.7 million acres.

FARM PRODUCTION POTENTIALS

In 1968 north Alabama farmers produced $260 million of products for market. Using farm tested technology and an improved farm resource mix, farmers can increase their sales to $655 million annually. The largest percentage increases in farm sales will occur in beef cattle, hogs, and soybeans. Grain production will increase, but grain sales will likely decline as farmers produce more hogs and beef cattle. Poultry and egg sales will almost double with much of the grain used for feed being shipped in from the corn belt. Bad weather reduced cotton production much below the average in 1968. A potential increase in cotton sales to

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[1] See appendix 1 "Agricultural Resources, Potentials, and Problems in the 15 North Alabama Counties."

$120 million is based upon yields attained in more normal seasons and some shift of allotments from other parts of the state into the north Alabama area (table 2).

TABLE 2.—NORTH ALABAMA FARM SALES

[In millions of dollars]

	1968	Potential
Cattle and calves	15	125
Hogs	8	73
Dairy products	9	21
Poultry and eggs	128	256
Soybeans	8	23
Cotton	[1] 28	120
All other field crops	64	37
Total	260	655

[1] Typical crop year—$70,000,000.

Much of the future agricultural growth in north Alabama will occur from livestock and poulty which will account for about 73 percent of the potential farm sales. The same situation exists for the entire Tennessee Valley region. The production of cattle, sheep, and hogs in the Valley can increase from the present value of $281 million to $841 million. Poultry production has a potential of expanding from $173 million to $498 million.

Thus, the entire Tennessee Valley, like north Alabama, is shifting to a livestock-oriented economy. For example, in 1968 about 70 percent of total Valley agricultural income was from the sales of livestock and livestock products. The land resource base of the Tennessee Valley is capable of supporting an increase in crop production and much of this increase is projected to occur in crops to supply feed for livestock.

Tobacco and cotton production in the Tennessee Valley is controlled by Government acreage allotments and their growth potential depends upon regional shifts of allotments and increases in demand. It should be pointed out that most of the agricultural growth potential in both north Alabama and the Valley is in commodities that are not on the surplus list. Commodities offering the greatest potentials are those that supply protein, a nutrient in relatively short supply in the world market. As livestock production increases, the quantity of food needed to improve the quality of diets increases and the value of the product is increased. At the same time, the total pounds of product available for ultimate consumption is decreased.

THE AGRIBUSINESS ASSEMBLY LINE

A major factor influencing the types of programs needed for growth and development of rural communities is the growing interdependence between onfarm production and farm-dependent industries. Farmers are major consumers of industrial products and many industries use farm products as basic raw materials. The closer interdependence between farm input suppliers, farm producers, marketers, processors, and distributors has required the development of an improved communication channel for coordinating these functions. Change at any point in the assembly line is quickly reflected throughout the entire system. At the present time, off-farm business functions are increasing faster than on-farm production.

The agricultural complex of production, marketing, processing, and distribution is known as agribusiness. In 1968, the 27,000 farmers in the 15 north Alabama counties purchased $151 million[1] of inputs such as fertilizer, seed feed, petroleum, and farm chemicals to produce food and fiber that sold for $260 million. Farm markets and processors in the area added an additional $265 million to the farm value which made the farm products worth $525 million

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[1] This is a conservative estimate since it includes only those firms that conducted 75 percent or more of their business volume directly with farmers. C. E. Madewell, M. J. Danner, A. R. Cavender, "Agribusiness in the Tennessee Valley Counties of Alabama," F69ACD5, Auburn University and TVA.

(figure 1). The value of these farm products is worth even more when they reach the consumer since secondary processing, wholesaling, retailing, transportation, and distribution costs are not included in these estimates.

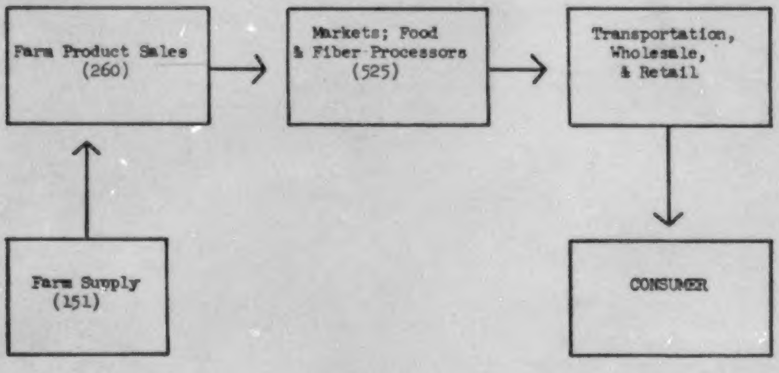

Figure 1. North Alabama Agribusiness Assembly Line, 1968 (Million Dollars)

For the Tennessee Valley, $2.2 billion of agribusiness economic activity is generated and represents about 25 to 30 percent of the total economic activity of the area. Valley firms that supply farmers with production inputs employ about 83,000 people. About 165,000 people are employed on farms and 192,000 Valley people are employed in processing and distribution of agricultural products. Total agribusiness employment is about 440,000 or 36 percent of the total Valley work force.

An expansion of onfarm production generates business and jobs in the farm support sector of our economy. For example, a USDA study of Asheville, North Carolina, showed that for each $1 million increase in farm sales, total business in the area increases $3.8 million. Due to the increased business activity 100 new farm jobs and 200 nonfarm jobs are created.[2] One method of maintaining viable rural areas is to develop the growth potential in the agricultural sector including farm-dependent growth.

A good example of the need for coordinated onfarm and off-farm growth is revealed by an analysis of beef production and processing in the Tennessee Valley states. Beef consumption in the seven states was more than 4 billion pounds in 1968 and is projected to increase to more than 5 billion pounds in 1975. The Valley states produced almost as much beef as was consumed in 1968, the deficit being less than 0.5 billion pounds. However, the Valley states had slaughter and processing capacity for only one-half the beef produced. The remainder had to be shipped outside for slaughter and then transported back as carcass beef. By 1975, the local demand for beef will increase by an additional 1.0 billion pound. This means that farmers need to increase beef production by 1.5 billion pounds if they supply the requirement in the seven Valley states. This expansion in beef production and consumption would require about 3 billion pounds of additional slaughter and processing capacity to meet the increasing needs of producers and consumers. Of course, this means new jobs and an expanding payroll in the area.

Conferences to discuss the onfarm and off-farm potentials are part of the continuing efforts. The first conference was a Valleywide conference held in 1969.[1] It was followed up with a series of meetings conducted throughout north

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[1] "Potentials for Expanding Agricultural Business in the Tennessee Valley Region," proceedings of conference on June 30-July 1, 1969, Muscle Shoals, Ala., sponsored by the land-grant universities, Tennessee River Valley Association, and the Tennessee Valley Authority.

[2] "The Asheville Analysis," The Farm Index, June 1968, ERS, USDA.

Alabama. The north Alabama potentials highlighted in this document were discussed with civic leaders at the local meetings. We in TVA feel that if local leaders are made aware of this great potential, they will become involved in activities that will enable the region to approach these potentials and the entire area will be a better place to live and work.

Attaining the north Alabama farm growth potential of $655 million would result in a $1.2 billion expansion in farm-related business volume (table 3).

TABLE 3.—NORTH ALABAMA FARM-DEPENDENT BUSINESS

	1967	Potential	Difference
Firms	772	(1)	
Employees (thousands)	18	54	36
Business volume (million dollars)	416	1,250	844
Investment (million dollars)	282	850	568

[1] Questionable.

The number of firms engaged in agribusiness may expand or new firms may enter the field. Employment will increase from 18,000 to about 54,000 as business volume reaches the $1.2 billion potential. An additional $568 million of capital will be required by these north Alabama farm-related firms to invest in new facilities and equipment for servicing farmers and for marketing and processing the increased farm output. This investment will be required for firms dealing directly with the farmer. The total expansion of jobs and business activity is larger if secondary processing and distribution of goods to the consumer are included. Many of the farm products from this area move into foreign markets. For example, Alabama was the third largest exporter of poultry of which a large part is produced in north Alabama. In the seven Valley states, one out of every $6.50 the farmer earns comes from agricultural exports. Major export products from the Valley states include poultry, soybeans, cotton, feed grains, and protein meal (primarily soybean meal). Farm exports from the Valley region were a record $1 billion in fiscal 1970 of which only 8 percent moved under government programs, compared with almost 15 percent for all U.S. farm exports.

DEVELOPING THE RURAL POTENTIAL

Results from TVA program activities indicate that the agricultural potentials for north Alabama are attainable. Since 1935, the program changes as new needs are identified. For example, program objectives were reoriented in 1969 to emphasize: (1) that major potentials for expanding farm production lie in intensifying livestock production, (2) the need to introduce new income-producing crop enterprises such as trellised tomatoes, strawberries, and soybeans, and (3) the need for identifying and encouraging needed market adjustments consistent with farm developments and consumer desires.

DEVELOPING THE LIVESTOCK POTENTIAL

Livestock potentials exist for all areas of the Tennessee Valley region. Livestock and poultry have proven themselves as income expanders in whole-farm demonstration programs.[1] A description of livestock program activities and results in north Alabama is used to illustrate how livestock potentials are being attained throughout the Valley.

Because feeder pig and/or market hog production requires a low initial capital investment, program activities to expand hog production have been very successful. Feeder pigs require more labor and less capital than market hog operations and thus offer more potential to small farmers with surplus labor and limited capital resources. Onfarm hog improvement program activities include introducing improved breeding stock, new technology to increase feed production, approved health and sanitation practices, and improved physical facilities such as farrowing houses.

Sale facilities such as located at Bear Creek have been established in many portions of the Valley to promote orderly and profitable marketing. In north Alabama, about 1,500 feeder pigs were sold through organized markets in 1961 for $17,60. Feeder pig production has continued to expand. In 1969, 112,000 feeder pigs were sold through the organized sales for $2.2 million. Estimates are that about 156,000 pigs valued at almost $3 million were sold in 1970.

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[1] Examples are included in "Rapid Adjustment Farms in the Tennessee Valley," by William V. Pace, Bulletin Y–8, July 1970, TVA.

Many pigs sold through organized sales are purchased by buyers from midwestern states. From the standpoint of regional economic growth, it would be desirable for the pigs to be fed out locally. This can be accomplished with proper land use for grain production and imported grain from the Midwest.

The 112,000 feeder pigs marketed through the organized sale in north Alabama in 1969 had a value of almost $2.2 million. Feeding them to slaughter weight in the Valley would increase their value to $2.9 million. If slaughtered and processed in the Valley, their carcass value would be over $8 million. Business activity and employment in the communities of north Alabama would be greatly expanded.

The 112,000 feeder pigs would provide a basis for 93 feeding units—each having a capacity for 1,200 head, a 160-ton-per-day feed mill, and a 400-head-per-day slaughter plant. These new economic activities would require 128 full-time employees and a $2 million investment. Obviously, the entire rural community would be benefited.

DEVELOPING FARM RESOURCES

Rapid adjustment and resource management farms are TVA program activities designed to demonstrate how farmers can increase their incomes and standards of living by reorganizing their resources and resource use patterns.[1] One of the first rapid adjustment farms selected was a 153-acre farm located in north Alabama which produced cotton, corn, and grade B milk. Net income for the benchmark year was $2,792. When alternative enterprises were evaluated and resources organized for maximum use, an annual net farm income goal of $5,300 was established. Within four years, additional land and capital resources were acquired, a market hog enterprise was added in place of the grade B dairy, and annual net income increased to $11,500. The level of family living was substantially improved.

Resource management farms are used to demonstrate adjustment potentials common to large groups of farmers in the Valley. There were 86 resource management farms in Alabama in 1970. A typical north Alabama farmer participating in the program increased his annual net income from $6,500 in 1965 to $14,248 in 1969. This increase was achieved primarily through expanding the production of livestock. These two examples plus other farmers participating in the program verify that the north Alabama potentials are realistic when the land, labor, capital, and management resources are properly used.

TVA agricultural programs are also designed to work with the rural disadvantaged. In most cases, the rural disadvantaged have low incomes and are unable to expand their resource base due to lack of education, advanced age, or physical handicaps. With technical assistance, these farmers can improve their living standards by making a more efficient use of their limited resources. Program activities may be as rudimentary as teaching the proper method of producing a home garden to improve diets and supplement incomes.

DEVELOPMENT THROUGH LOCAL CITIZENS INVOLVEMENT

Tributary area development is an activity designed to involve local citizen groups organized into small watersheds, groups of counties, or economic areas within the Tennessee Valley to provide a means for unified development within these rural communities. Parts of the Bear Creek and Elk River area development projects are located in north Alabama. These projects involve lay leaders on agricultural work groups to help assess development priorities, to sponsor development activities, and to work within the parent citizen organization in developing rural services and making the rural area a wholesome and enjoyable place to live.

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[1] The rapid adjustment farms are designed for use with professional agricultural workers in testing the speed with which farm adjustments can be made. The resource management farms are similar to rapid adjustment farms but oriented to demonstrate resource adjustment opportunities to other farmers.

The Northwest Alabama Feeder Pig Association was organized in the Bear Creek tributary area in 1964 to serve a 6-county area. A new sales barn and facilities were constructed with provisions for expansion. The number of pigs sold increased from 639 in 1964 to 38,147 in 1970 and the value increased from about $8,000 to over $705,000 in 1970. Feeder pig production is well suited for the area's small farmers who were previously underemployed. This is just one example of how local citizens can help improve the level of rural living.

Sales similar to the one in Bear Creek have been organized in other parts of the Tennessee Valley including the Elk River area of Tennessee and Alabama and the Upper Hiwassee watershed of Georgia and North Carolina.

Many other livestock improvement programs have been sponsored by these tributary area associations. For example, in Bear Creek the agricultural work group traveled to Oklahoma to purchase registered Polled Hereford heifers for breeding stock. Livestock handling equipment built to university recommendations was constructed on a number of demonstration farms and later the design was adopted by many Bear Creek farmers.

TARCOG, an economic trade area, was organized in north Alabama to develop the area's agribusiness potentials. The farm resources and potentials have been documented [1] and technical assistance is being provided local leaders for developing these potentials. A study by Auburn University and TVA is in progress to document agribusiness activities in the area and to identify expansion possibilities as the farm potential emerges.

SAND MOUNTAIN PROJECT

The Sand Mountain project is another example of working with local citizen organizations to improve incomes in rural areas. The interest began in 1963 when a local group proposed a large-scale irrigation system. TVA made a series of preliminary studies and concluded that knowledge of costs of irrigation and expected returns were so inconclusive that construction was not justified at that time. Since it was not known whether irrigation would pay, even if water were available, a 5-year cooperative project (1966–1971) with Auburn University was conducted to (1) determine the effects of irrigation on horticultural crop yields and (2) improve the economy of the area by improving the production and marketing of horticultural crops. Eleven irrigation demonstration farms were established. TVA furnished irrigation systems for seven of the farmers, and information and technical assistance were furnished all demonstrators. Production of horticultural crops in the area increased substantially during the five years. Crop response to irrigation has varied from year to year and from crop to crop with irrigation more than doubling yields in some cases. Results are being analyzed to determine the economic returns from irrigation expected to accrue over a long period of time.

Results of the crop response demonstrations will be one input into an overall rural water supply and irrigation feasibility study now being conducted. Sources of supply being evaluated include the large-scale system as previously proposed, a series of smaller public systems, and individual farm ponds. The projects being evaluated include not only farm irrigation but the entire economic development of the area including domestic water supply, improved markets, and industrial development.

ELK RIVER

An intensive agricultural development program involving TVA, the Tennessee Extension Service, and local leaders of Elk River Watershed Association was initiated in 1963. As a result of this coordinated effort—and local leaders are the real key—the growth rate in the Elk River area was significantly greater than the growth rate for the rest of Tennessee. In years prior to the intensified development project, the growth rate was not significantly different from the rest of Tennessee. A further evaluation of this project shows that TVA and local citizens spent $1.75 million and farmers returns increased by $7.44 million. The returns were $4.25 for each $1.00 invested. In addition, annual gross farm sales exceeded the initial goal of $50 million.[2]

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[1] C. E. Madewell and W. V. Pace, "Agricultural Opportunities in the TARCOG Area" (Top of Alabama Regional Council of Governments).

[2] R. H. Gibson and H. C. Young, "Elk River Agriculture in the Sixties," circular Z–21, April 1971.

DEVELOPING THE AGRICULTURE POTENTIAL

Horticultural crops are also well suited to other areas of the Tennessee Valley. For example, vine-ripened tomatoes was identified for western North Carolina. Trellised tomato production has expanded from two acres in 1957 to almost 1,300 acres in 1969. Demonstration yields of over 75 tons per acre have been produced and average yields have increased from 13 to 35 tons per acre.

The real economic effect of farmer expenditures for inputs on the economy in western North Carolina can be seen from an evaluation of production expenses for the 1969 crop. Expenditures for insecticides and fungicides total $190,158. Fertilizer and seed purchases of $184,857 were made. Supplies including such items as twine, wire, staples, and field boxes total $562,827. Operational expenses for irrigation systems, tractors, sprayers, and trucks total $131,816. Fees paid by farmers to brokers for marketing the crop are $203,175. Total operational inputs, with the exception of labor, were $1,272,833.

Producing vine-ripened tomatoes requires a lot of hand labor—about 1,200 hours per acre. Most is provided by families of the farm operators. Studies show that more than one-half the labor used could not have been gainfully employed elsewhere due to age, education, or training. The value of family and hired labor used in producing the 1969 crop was estimated to be $1,935,000. Total production expenses for producing the crop were $3,207,833 or $2,487 per acre. This compares with a total return from the $5 million of $3,876 per acre.

SUMMARY

The main thrust of TVA's agricultural resource development program is to jointly improve and expand the on-farm production of food and fiber and the related off-farm marketing, processing, and distribution activities. In north Alabama, our agricultural industry makes a significant contribution to economic growth and offers a tremendous potential for future expansion. Although our farm numbers will decline from the present level, farm-related industries offer many new job opportunities as they develop. Rural leaders in north Alabama are aggressive in recognizing these opportunities and in developing programs for making them a reality. Agribusinesses, including farmers, respond quickly to planned Government and private inputs. When needs, problems, and opportunities are identified, rural leaders respond promptly with a plan of action and the means for implementing it. Through the coordinated efforts of all, rural areas can and will grow. Employment opportunities will expand, incomes will increase, community services will expand, and the rural environment will be an even better place to live.

[Articles submitted by the Tennessee Valley Authority are as follows]

ENVIRONMENTAL CHANGES IN THE TENNESSEE VALLEY REGION

(By Edwin J. Best, Office of the General Manager, Tennessee Valley Authority, Knoxville, Tenn.)

There was a time when environmental change was directed by the changing earth. For thousands of years patterns of human life were shaped by the slow advance and retreat of polar icecaps. In those days man had no great effect on his environment. He lived in a biological community in a world that was in balance. Both predator and prey, man killed and ate and was himself killed and eaten, and the great cycle of nature was in no way altered by who killed and ate what.

Along his path toward today, man became less and less like the other animals, less dependent on his natural surroundings. He had the power to think, to remember, to create a transferable culture, to create a world for himself. From the accumulated experiences of his kind, man devised tools and mastered fire. He discovered how to grow his own food and so ended the need for wide-ranging migrations. He built cities, forged political and economic units, constructed highways, and dug mines. He dominated all the other creatures, and he shaped the environment in which he lived, for better and for worse.

Modern man is making more visible daily change in the environment than are the elemental forces of the earth. The most savage earthquake we have known had less perceptible effect on the immediate landscape than man exerts in his programs of road and dam building and surface mining.

The Great Smoky Mountains are wearing away, I am told, and will be gone in 25 million years, the victim of water and wind, of frost and heat, and of chemical change. This doesn't worry me much; for I can detect no lessening of them. Clingman's Dome seems to me to be as high today as it was 30 years ago. Geologic change is slow, almost imperceptible in a season or a year or a century.

MAN CHANGES ENVIRONMENT

The radical changes in the earth that we can readily see are made by man. Each day we alter the immediate environment enough to be noticed. Today I want to talk about the environmental change made by man, with particular reference to the Tennessee Valley. The problem is where to begin. One starting place is the original wilderness described by an explorer of the Valley in 1670:

"I have discovered a country so delicious, pleasant, and fruitful, were it cultivated it would prove a second Paradise."

That was the Valley's age of innocence 300 years ago.

The Valley was settled and cultivated, as the explorer had hoped, and in the 1850s the Honorable C. C. Clay of Alabama described Madison County in this way:

"I can show you the sad memorials of the artless and exhausting culture of cotton. Our small planters, after taking the cream off their lands . . . are moving farther west and south, in search of other virgin lands which they will despoil and impoverish in like manner. Indeed, a country in its infancy, where fifty years ago scarce a forest tree had been felled . . . is already exhibiting the painful signs of senility and decay.

"That was in the 1850s when a North Carolinian wrote: True it is that the South has wonderful powers of endurance and recuperation; but she cannot forever support the reckless prodigality of her sons."

Ahead—almost within sight—were the American Civil War, repeated periods of depression, and further exploitation and neglect. The South—and with it, the Tennessee Valley—had much to endure before the time of recuperation would begin. The problems of the Tennessee Valley are old. They represent 2 centuries of environmental change. The potential of the Valley is enormous, resting as it does on the recuperative powers of the region, upon renewable resources.

THE VALLEY IN 1930

The Valley, with the Nation, reached the bottom in the Great Depression, and it is there that I would like to begin to describe the environmental changes that have taken place, using as a benchmark the Valley situation at the time the Tennessee Valley Authority was created.

As the 1930s began, about 3 million people lived in the Valley. There would have been more, but for 100 years the adventuresome and the ambitious had been leaving the region in search of better opportunity. Three-fourths of the Valley inhabitants were in the country. Half the people lived on farms. Fifty-six percent of the work force of the Valley region were farmers, a rate twice that of the Nation.

While there was a lot of land for the few people in the Valley, much of it was not used or even useful. In the early Thirties, half the Valley was in forests, very poor forests as a rule, cut over, burned over, grazed, and badly managed. The other half was largely in open farmland, a million acres of which had been worn out and abandoned. Two million acres was of marginal productivity; another four million acres was severely damaged by erosion and of low fertility. That left 7 million acres of land—one-fourth the Valley total—to support the farm enterprises.

Poor people and poor land go together. Valley people and their land were certainly poor in 1930, judged by almost any social or economic standard. They were poor absolutely and relatively. Three farms in 100 had electricity—other amenities lacking in proportion. Eight percent of the Valley adults were illiterate. Many were of low skill. Manufacturing employment occupied 12% of the work force, much of it in low-wage industries. Valley per capita income was 45% of the national average.

The Tennessee River, unlike many other rivers of the South, was not navigable for much of its length. It was subject to flooding, and farms and towns alike faced the threat of inundation. Despite a great potential, the Valley's hydro power was little developed. Valley roads were bad, the schools were poor, governmental structures were inadequate, and the supply of capital was low.

The Tennessee Valley region was not behind in all ways in 1930. Proportionately, we had more babies here in the Valley than the rate for the Nation, and our ratio of dependends to producers was higher.

We had more pellagra in the Valley states than did other states—lots more. Tennessee had the highest resident TB rate in the Nation. These are diseases of poverty and neglect. We Valley people either ate or drank 25% more corn than the national rate of consumption, and our intake of sweet potatoes was enormous—2½ times the national figure.

That is something of the way the Valley was in 1933, exploited and underdeveloped at the same time. The situation was bad, but certainly not hopeless. The basic resources of land, water, climate, location, and people remained. In 1933 the environment of the Valley began to change for the better, using the neglected resources, the abused resources that had been the Valley's all along. Some poor regions have been improved through the discovery of new sources of wealth. The Valley found no fundamentally new resources. It found out how to make better use of what was old.

WHAT HAS HAPPENED SINCE THE THIRTIES

During the past 36 years a lot of things have changed here in the Valley. These changes have been brought about by the cooperation of the Federal Government, state and local governments and agencies, industries, municipalities and cooperatives, universities and colleges, private citizens, and citizen associations.

The Board of Directors of TVA recognized from the start that the unprecedented job of transforming a river basin such as the Tennessee Valley was of necessity a cooperative enterprise. In 1936 this basic policy was announced:

"The planning of the river's future is entrusted to TVA. The planning of the Valley's future must be the democratic labor of many agencies and individuals, and final success is as much a matter of general initiative as of general consent."

The first wholesome change in the environment of the Tennessee Valley was the creation of tools for the larger task. The first in time and the most obvious of the regional development pools is the developed river. Harnessing the river was a task too broad in scope for private citizens or state and local governments to undertake. This was a task for TVA. Twenty-two major dams have put the river to work, carrying barges generating electric power, and providing thousands of acres of water surface and thousands of miles of shorelines for recreation uses. Flood-free lands afford industrial sites and wooded hills overlooking scenic lakes have become much desired residential areas. The Valley now has a working river, something we badly needed.

The river can supply only a part of the electric energy needed in a growing region. Ten major steam plants supply the additional electric power needed by farm and factory, by homes, schools, and businesses. Living in the country or operating a farm isn't like it used to be. Rural electrification has put the comforts of living in the city at the disposal of the country dweller, and the farmer's tasks are eased by the ready, tireless electrical servants at his command.

A new ferilizer is a new tool. From TVA laboratories and production units at the National Fertilizer Development Center have come significant new fertilizer products and processes that have greatly alerted the farm economy of the Valley and of the Nation, making possible high output in a situation of declining agricultural manpower and farm acreage.

A new institutional arrangement is a new tool, a new way of organizing people to solve an old problem or to profit from a new opportunity.

Among the new organizations in the Valley are cooperative distributors of electric power, well-managed farmer cooperatives to supply goods and services, tributary area associations to marshal the efforts of people and agencies at the local level to study local resources, to develop plans to use them to best advantage, to select from various alternatives the one most likely to offer the best return, and to put approved plans and programs into effect.

The first and most noticeable change in the Valley environment is the availability of new tools. But new tools are not enough, as anyone can testify who has ever tried to jack up his car with the mystifying simple contraption he finds in the trunk. New knowledge is needed. New tools without a mastery of new technology are unused tools or poorly used tools.

The transformation of the Tennessee Valley in our time has involved two principal functions—engineering and education, each of which I would define in the broadest way. By engineering, I mean both the art and its underlying sciences, both the research and the development. In this sense I take engineering to include the physical alteration of the environment, whether by building a dam, reforesting a hillside, or discovering and producing an improved fertilizer material.

Education should also be defined broadly. Education, as Gordon Clapp said 15 years ago, "does not stand alone as a technique, an institution, or a process. It is related to a complex admixture of sound policy, clear objectives, effective organization, competent professional and technical personnel, and adequate financial support." Mr. Clapp said that education is not something you get. It is the total system by which people are instructed and motivated to a change of attitude and behavior. Education, in this free use of the word, is the process by which people in the Valley have been led to accept and understand the altered environment and to make the best use of the new situation. We used to explain it in this way in TVA: "To appeal to the enlightened self-interest of the individual."

COOPERATIVE EFFORTS TO USE NEW TOOLS

Beneficial change in the Tennessee Valley has come about because the people have access to new tools and new technology and have been instructed and motivated to use those tools and that technology wisely. The development of a river, the construction of a great integrated power transmission system and of more than 150 distribution system, the reforestation of idle acres, and the conduct of agronomic and chemical research are examples of technological advances in the Valley. The cooperative programs of TVA and the land-grant colleges, the Tennessee River Valley Association, local tributary area associations, industry and industry groups, cooperatives, conservation agencies, and state and local agencies have created the educational environment in which the people of the Valley have learned, have changed, and have profited from that change.

New tools, new knowledge, and new attitudes have been the agents of change in the Valley. To these we should add new hope and new spirit. With all the promise the Valley might have had in 1933, the region didn't appear to offer much. Rupert Vance, talking about the Southeast in a pamphlet, *The South's Place in the Nation*, accurately described the Tennessee Valley of an earlier time:

"A region of farms yet an importer of foods; potentially a garden spot, actually a region of broken hearts and backs; abounding in traditions of good living, actually lacking the means often of a decent subsistence level of living."

The people of the Tennessee Valley had to start from where they were—behind. They have had to run, not simply to catch up but to keep up. There were times when we were like Alice's White Queen in *Through the Looking Glass*, who had to run fast just to stay in the same place and who, to get anywhere, had to run twice as fast. Even the best of tools and the best of knowledge are not enough for success. People must believe in the possibility of success. They must have spirit, and for people caught in a poverty that was the product of long history a lot of spirit was needed.

The changed and changing face of the Tennessee Valley region tells in many ways what has happened here in the past 36 years. This change can be seen, it can be measured in terms of physical features, of economic comparisons, of social situation, of human resources.

The Tennessee River system has been tamed to an extent reached by no other river system, trained to respond to human controls, to carry freight, to generate electric power. In 1968 new river traffic records were set, as they are set every year. Twenty-three million tons of commercial freight moved on the Tennessee, compared with less than a million in 1933. More grain was shipped on the Tennessee in 1968 than the tonnage of all the traffic of 36 years ago. This grain supplied feed mills and flour mills and helps to support a poultry, swine, and cattle business in a region that cannot grow all the grain it can consume. Shippers of all products saved over $39 million. We can be sure that some of this saving was passed on to the consumer, including the farmer-user of grain.

In 1933 there were some places in the Tennessee Valley where more people had malaria than had electric power, and they didn't know how to get rid of the first and get the latter. Now, malaria had disappeared, and the home without electricity is so rare as to be newsworthy. Abundant, dependable, cheap electricity makes modern agriculture possible. Without electricity on the farm, the few who would stay in agriculture could not supply the food and fiber needed by the rest.

The number of farms in the Valley region is declining and will continue to do so. The use of electricity on farms is increasing as electricity is substituted for farm labor, as farms become larger and as old methods give way to new electrical applications. Local power distributors sponsor an Electrofarm Program. Electrofarms are demonstrations of how electricity can ease farm labor requirements, raise farm profits, and increase the convenience and comfort of farm homes. The 255 Electrofarms in the Valley region have an average annual power use of 53,000 kilowatt-hours, 9 times as much electricity as the average U.S. consumer used in 1968.

UNIFIED DEVELOPMENT APPROACH

The Tennessee Valley Authority Act includes in unified resource development agricultural and industrial development, soil erosion, and the development and use of new and improved fertilizers. These concerns are closely related here in the Valley, so much so that getting hold of one is like trying to get a single coat hanger from a closet.

Soil erosion control involves improved practices, one of which is the maintenance of good cover crops. Good cover crops require use of good fertilizers for growth and an economical use of the product. Cattle can use the cover crop, and these can be dairy cattle if there are ways of handling milk and feed efficiently. This requires electricity. These cows will need feed grain, which can be shipped to the Valley by barge. An efficient use of fertilizer, soil, cows, electricity, and river promotes agricultural development and prevents erosion. This interrelationship is the heart of unified resource development, and it is nowhere more apparent than on the farm.

Farming in the Valley has changed greatly—farm numbers have declined, farm size has increased, and farm labor dropped by 500,000 workers in 30 years, from 56% of the total to 12. What happened to these people? Some of them left the Valley region in the earlier years, to be sure. They went to Detroit, to Cleveland, to Evansville. Many shifted to industrial employment within the region. While farm jobs were declining, manufacturing jobs went up by 460,000. Trades and services added 416,000. Manufacturing employment in the Valley region is now 34.2% of the work force, 4 percent points above the national average.

This turning from agriculture to manufacturing as a major source of employment has important implications for both these economic areas. It means that agriculture must be more efficient. There are fewer farmers to produce, and more customers to be served. For manufacturing, trades, and services, the implications are plain: The source of workers for low-wage, labor-oriented industries no longer exists on the farm as it once did. Future industrial growth will depend on the region's ability to attract higher wage industries that are less labor-oriented. This will demand from the Valley an ever-increasing attention to programs of education and training and to upgrading of state and local services. Valley per capita income, once only 45% of the national average, is now 70%. Because of better opportunities and better pay, the long trend of outmigration from the region has been revised. Since 1960 the number of people coming into the region has exceeded those leaving.

Change is something that can be discussed eternally. While I have been talking, the environment has changed, if even so slightly. This meeting concerns change, how to anticipate it, how to guide it, how to promote a synergism that will multiply the effects of change. We need more changes in the Valley.

Our farms are still too small; our commercial farms to few. Our markets are still too limited. Our per capita income is still too low. The dramatic transformation of the Valley, while a source of satisfaction and a cause of pride, should not be taken as an invitation to slow down. A new region has emerged from the abused and neglected Valley of the past. New patterns of life and new ways of earning a living have appeared. Here in the Valley we must continue to devise useful ways of promoting the best kind of agricultural economy in the midst of a growing urban and industrial society. The Valley of the future must and will be different from that of today. What part agriculture will play in that new and different Valley is what this meeting is about.

POTENTIAL FOR EXPANDING FARM PRODUCTION

(By L. B. Nelson, Manager of Agricultural and Chemical Development, Tennessee Valley Authority, Muscle Shoals, Ala.)

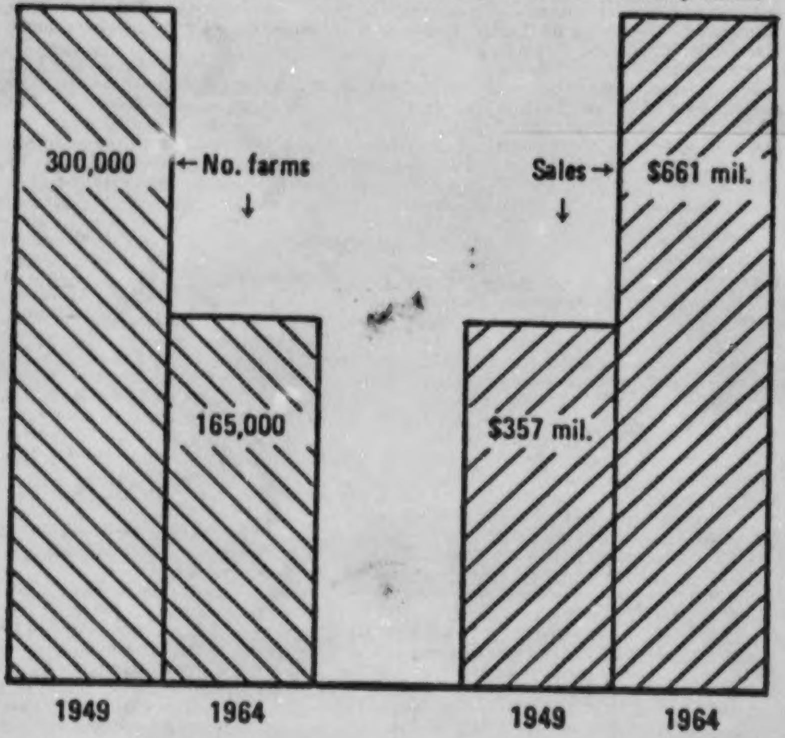
We have recently completed a study of the agriculture and its future potentials for the 125 Tennessee Valley counties. I would like to review this with you since it shows the direction agriculture is going in the Valley, what is holding it back, and what we have to overcome if we are to realize its full potential.

MAJOR TRENDS IN VALLEY AGRICULTURE

Changing patterns of production—The Valley is rapidly shifting from a generalized crop economy to one primarily based on livestock and specialty crop production. As late as 1949, livestock sales were only 44% of the total annual farm sales. Today, livestock sales are approaching 65% of the total.

For years, production of most farm commodities was fairly evenly distributed throughout the region. Production is now becoming more concentrated in specialized areas. Corn has moved to the western half of the Valley; soybeans, too, have rapidly developed as a prominent crop in the western portion of the Valley; and tobacco has moved to the east. Hog production is concentrating in the hill areas of the western part of the Valley; broilers are primarily produced in the hill areas of Georgia and Alabama. Beef production is gradually moving into the Nashville Basin and north Alabama.

FIGURE 1. Change in Number and Product Sales of Tennessee Valley Farms



This concentration and specializataion have contributed to improved agricultural production and output. For example, in the past 10 years the number of farms producing vegetables has declined 50%, but sales of vegetables have increased 30%. The number of farms selling eggs has declined more than 50%, but egg sales have increased more than 400%. Comparable changes in other types of farms have occurred. As production concentrates on specialized farms in specific areas, families must depend on you to market their products. Associated with specialization is increased size of farm. Smaller farms are declining in number while number of large farms is increasing. From 1949 to 1964 the number of farms with less than 100 acres declined 51%, and those containing 100 to 500 acres, 27%. During the same period, the number with more than 500 acres increased about 31%.

Agricultural employment—While agriculture's share of total economic activity is declining, it still is an important source of employment and income in the Tennessee Valley. Conservative data from the population census reveal that roughly one person out of eight is employed on farms, which is slightly higher than for the United States.

Farm production continues to expand, even with reduced employment on farms. In the past 15 years, production has almost doubled while the number of farms has gone down almost 50%.

These changes have greatly increased the output per person—up 10 times that of 30 years ago, to about $1,200. For this increased efficiency, agriculture has reason to look with pride.

The reduced number of people in agriculture has freed thousands of workers for our rapidly expanding industrial sector. It has also left us with problems of dealing with a clientele of farmers of advancing age. The age of the tyical farmer was 40 years in 1950 but will be 60 years by 1970.

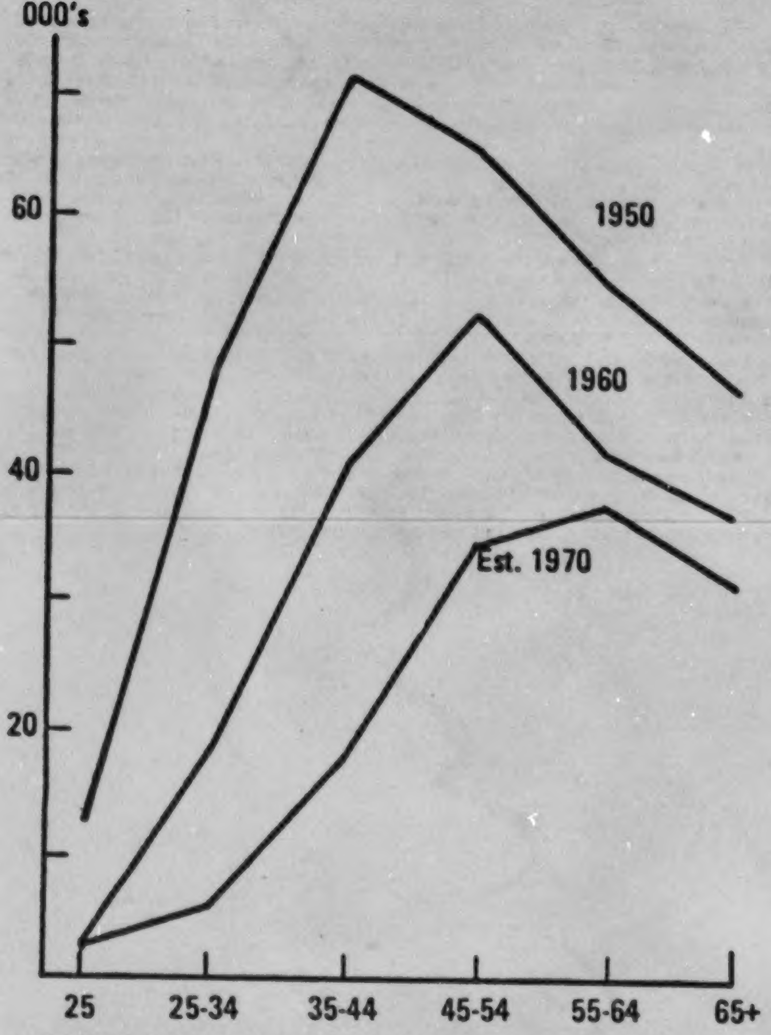


FIG. 2. Age Distribution of Farm Operators, 125 Tennessee Valley Counties

While agricultural employment is declining, one cannot say that agriculture is less important as long as production is actually expanding. The food and fiber needs of the multiplying urban millions must be met by the few who remain on the land.

Less than 30 years ago, over half of all employment in the region was required for producing farm products. Increased efficiency in farming has made it possible to release many of these people from producing food and fiber. Agricultural progress has made the American consumer one of the best and most economically fed consumers in the world. He spends less than 18% of his income for food, and the share continues to decline. For this small percentage, he receives over 3,200 calories per day, including 66 grams of animal protein. This compares with 41 grams of animal protein per person in Western Europe, 20 in Latin America, and 12 in Asia.

Valley farmers adopt new technology—From 1950 to 1964, substantial adjustments were made. Significant technological changes included the adoption of labor-saving machinery, improved resource use planning, and introduction of improved crop varieties. All major crop yields have increased, some as much as 114%. Even though the Valley is a relatively old fertilizer-using area, total plant nutrient use increased about 250% from 1945 to 1968.

WHAT ARE AGRICULTURAL POTENTIALS OF THE VALLEY?

Estimating Valley agricultural potentials is important for: (1) identifying major agricultural problem areas, (2) identifying broad program objectives, and (3) providing guidelines for re-orienting and developing program activities. The study of the Valley mentioned earlier was made using assumptions of near perfect resource allocation, sustained economic growth, favorable markets, unlimited capital, stable prices, full mobility of resources, and continued government restrictions on production. To sharpen the estimates, the potentials were developed by homogeneous Valley regions.

Crop production potentials were obtained using the assumptions that row crops would be produced on all class I and II openland and on one-half class III openland. Pastures were assumed for the remaining class III openland and all of classes IV through VI openland. Classes VII and VIII land would be used for forests. All land now in forests would remain in that use.

Both acreage and yield increases would occur. Acreage for all harvested crops could increase from 3.2 to 5.7 million. Attaining potentials would increase value of crop production two and one-half times. Production per acre of harvested land would be valued at $131 compared with $93 in 1964.

AGRICULTURAL POTENTIAL—CROPS

	Acres	
	1964	Potential
Silage, small grain, and seeds	1,349,000	3,140,000
Hay	1,297,000	2,000,000
Cotton and tobacco	559,000	550,000
Fruits and vegetables	45,000	73,000
Total	3,250,000	5,763,000

AGRICULTURAL PRODUCTION POTENTIAL—CROPS

[In millions of dollars]

	1964	Potential
Grain, silage, and seed	77	320
Hay	48	156
Tobacco and cotton	157	232
Fruits and vegetables	11	51
Total	293	759

Livestock production potentials (not including poultry) were assumed to be limited to feed supply and available labor. Imported feed was assumed to be available at favorable prices to expand poultry production.

AGRICULTURAL PRODUCTION POTENTIAL—LIVESTOCK

[In millions of dollars]

	1964	Potential
Cattle, sheep, and hogs	281	841
Poultry	173	498
Total	454	1,339

Livestock potentials are greater than crop potentials; the potential value of livestock and poultry production would be more than three times as large as the 1964 level. Most classes of livestock could double in numbers, but a major share of the expansion would be in beef cattle and poultry.

Total agricultural production was valued at $634 million in 1964, but the potential is $1.7 billion, or a $1 billion increase. Valley agriculture is operating at only one third of its potential in terms of total resource allocation. A $1 billion increase would have pronounced effect on agribusiness.

AGRICULTURAL PRODUCTION POTENTIAL—SUMMARY

[Dollar amounts in millions]

	1964	Potential	Increase	Percent
Total crops	$293	$759	$466	159
Less feed crops used	113	425	312	276
Other crops	180	334	154	86
Livestock	454	1,339	885	195
Total	634	1,673	1,039	164

Agricultural production potential (1964 benchmark)

Crops	75 percent increase in acreage. 160 percent increase in value of production.
Livestock	200 percent increase in value of production.
Total	$1 billion increase. Agribusiness increases proportionally.

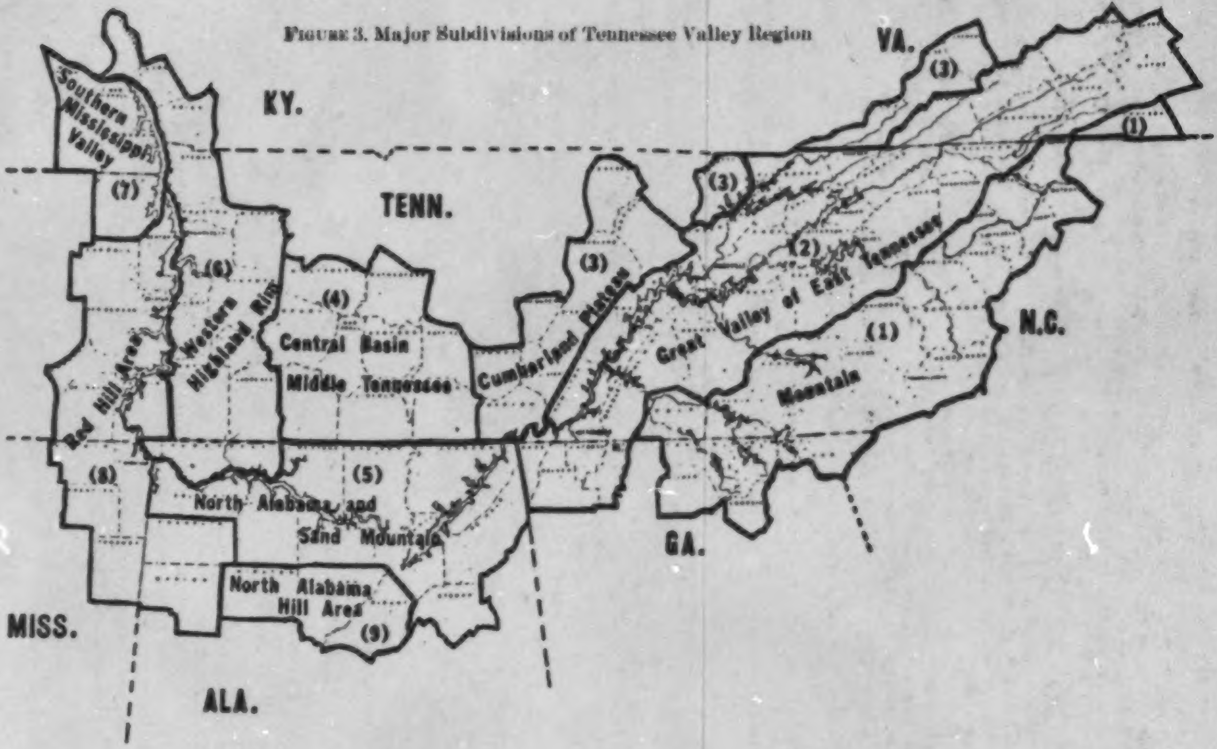


FIGURE 3. Major Subdivisions of Tennessee Valley Region

VA.
KY.
TENN.
N.C.
GA.
MISS.
ALA.
(1)
(3)
(3)
(2)
Great Valley of East Tennessee
(1)
Mountain
(3)
Cumberland Plateau
(4)
Central Basin
Middle Tennessee
(6)
Western Highland Rim
Red Hill Area
Southern Mississippi Valley
(7)
(8)
(5)
North Alabama and Sand Mountain
North Alabama Hill Area
(9)

TYPES OF PROBLEMS FACING FARMERS

Many factors limit achievement of these potentials. Productivity gains in agriculture have occurred and will continue to occur through advances in the correct application and management of inputs, such as fertilizers, farm machinery, seeds, land, capital, and labor. However, other barriers can adversely affect the productivity increases that could result from the application of improved management and technology. The study of Valley potentials indicated that problems impeding development could be grouped into the following six categories:

Management and technological restraints—Failure of farmers to adopt available technical know-how and to fit it into good management systems is restricting resource utilization and increased incomes. Output per unit of input is lower in the Valley than in the Southeast and the Nation.

Size of farm and tenure restrictions—In 1964, two-thirds of Valley farms contained less than 100 acres and 40% contained less than 50 acres. Less than 60% of farm acreage is openland suitable for crops. As a result, most Valley farms are too small to support economic farming units for many types of agriculture. The farm size problem is further complicated by prevailing land ownership and tenure patterns.

Land capability restrictions—Present land use in the Valley is less than optimum. More than 5 million acres of classes I to IV land now in forest should be in agriculture. Approximately 2.3 million acres of classes VI to VIII land now cultivated should be used for growing trees. Considerable portions of good Valley soils are located in small, fragmented patches adjacent to soils of lower productivity which hinders their use for farming.

Human and cultural restraints—Oven one-fifth of Valley farmers are 65 years old or over, and over three-fifths of farmers have 8 years or less of schooling. Thus, a majority of present-day farmers are elderly, poorly educated, and lacking in labor skills or financial resources necessary to make the adjustment to significantly alter their economic condition.

Institutional restrictions—Acreage restrictions, acreage diversions, market regulations, an land tax policies restrict resource utilization and the development of commercial agriculture.

Market limitations—Growth of agricultural markets has been phenomenal in recent years, but marketing costs have risen sharply and many problems have evolved for Valley farmers. A general lack of understanding of marketing prevails.

OBJECTIVES AND GOALS FOR THE FUTURE

TVA and the land-grant colleges have broadened their objectives in order to meet the challenges we have been discussing. Earlier programs dealt mainly with production technology, fertilizer introduction, and individual farm management. Our new program is broader, including marketing and agribusiness development.

AGRIBUSINESS FIRMS HOLD THE KEYS TO MUCH OF THE FARMER'S FUTURE

As we discuss Valley farmers, their problems, and their potentials, we are continually reminded of the important role that agriculturally dependent firms play in their success. Agriculture, including agriculturally dependent nonfarm businesses, is still one of the largest employers in the region. Also, increased farm sales help to stimulate the general economy. These points will be discussed by other papers later today.

Agribusiness leaders are an important source of information for farmers. According to our own studies, farmers consider their dealers to be a reliable source of information and expect recommendations from their dealers. For example, farmers expect their fertilizer dealer to recommend the kind and amount of fertilizer they should use.

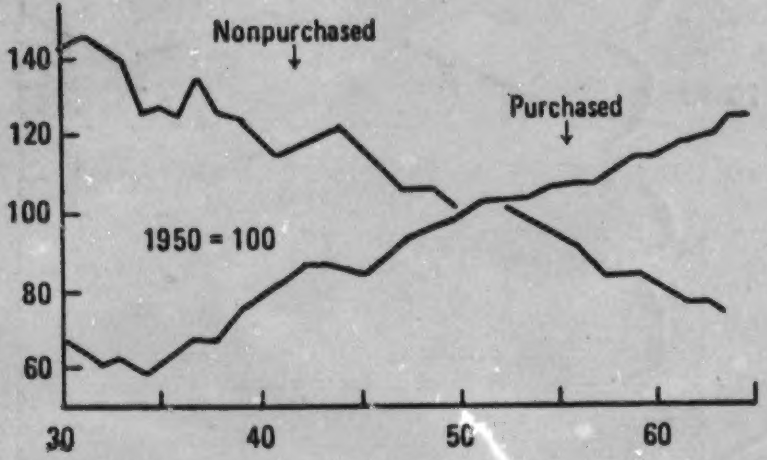


FIGURE 4. Purchased and Nonpurchased Farm Inputs

Agribusiness is becoming more important to farmers because farmers are buying more of their inputs. Since 1950, the percentage of inputs furnished by the farmers and his family has shrunk by 30%. In the same time purchased inputs have gone up almost 30%. Greater reliance on purchased inputs makes farmers more dependent on nonfarm businesses. This presents tremendous opportunity for expanding nonfarm business in the area. One commercial farmer that buys a major part of his inputs and efficiently converts them to salable products generates more general economic activity than many subsistence operators who use their own inputs and market only a little surplus production.

In local development programs, we have demonstrated in a small way that farm and nonfarm business prospers together. In the Elk River area, where statistics are more readily available than in some others, we are reminded that forces beyond the control of farmers cause variations in income large enough to completely mask or severely exaggerate results of year-to-year changes in farm production and management practices. Sales of farm products have shown an upward trend, but the agribusiness trend line reflects year-to-year variation more vividly.

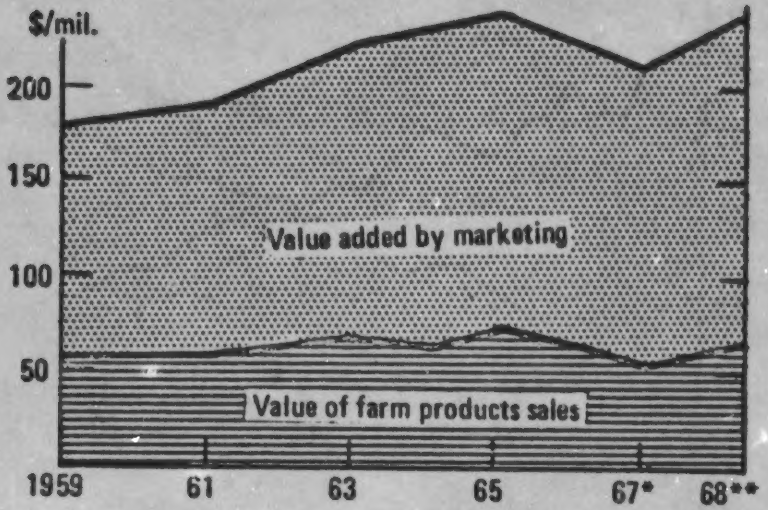


FIGURE 5. Estimated Volume of Agribusiness, Elk River Counties

Just a few miles southwest of here in the Bear Creek watershed is a good example of a local development program that involved nonfarm business in generating additional income. Farmers in that 5-County area face many difficult problems, but some of them have already been solved by agribusiness development. Farmers had the resources and the ability to grow feeder pigs. In the past, they attempted to supplement income by growing pigs, but markets were uncertain. Prices were erratic—mostly low. Little happened before 1965. Then, local farmers, citizens, and businessmen organized the Northwest Alabama Feeder Pig Association. Now this market alone sells over $400,000 worth of pigs annually.

The market has not only made possible the collection and sale of pigs—it has served as an educational tool to upgrade the quality of pigs sold through other channels. Instruction periods are held before each sale and information is given out. The market exercises strict grading and provides a demonstration of a quality market for others to follow. As a result, the average price per pig sold in the area has risen $5 and farmers are assured of a market for their pigs. They can now concentrate on producing good pigs rather than worrying about price and availability of buyers.

This brief example can be multiplied many times if people with national and international markets work together on a regional basis to remove marketing barriers and promote agricultural development. Little projects like this can provide assembly points, but larger efforts are needed to provide central markets for the finished products. Larger efforts are needed to provide more efficient channels to move finished farm products from out small scattered producers to the consumer thousands of miles away in urban centers and even abroad. To look at these larger opportunities is a purpose of this conference.

We in TVA and the land-grant universities recognize that we need your help. We hope we can help you. Our purpose in being here is to discuss how we might work together so that farmers of the region can be able to reach a major part of the $1 billion potential for expansion that we know is there.

AGRIBUSINESS IN ALABAMA AND THE TENNESSEE VALLEY COUNTIES OF ALABAMA

(By Ray Cavender, Chairman, Resource Use Division, Auburn University, Auburn, Ala.)

The growing dependence of the various facets of the agricultural industry (production, assembly, transportation, finance, distribution, processing, wholesaling and retailing) has made made us increasingly aware of the impact that a growth and/or decline in one or more agricultural related activities can have on an area's economy.

Idle land, unused markets, eroding business life, and underemployment in many rural areas illustrate that economic and other forces have caused a sharp decline in agriculture. Equally obvious is the vitality of an area where agriculture and its components are a thriving segment of the economy. Few industries generate the multiplier effect on economic activity as the introduction and/or expansion of an agricultural enterprise.

We all recognize the desirability of a balance in economic activity—agriculture, industry, commerce, and services. The South's big challenge has been that of overcoming the ill effect of too long a dependence on primary oriented industries—agriculture, forestry, mining, etc. Tremendous strides have been made toward achieving a healthier balance of economic activity in recent years, and this progress is most evident in the Tennessee Valley counties of north Alabama.

In our efforts to achieve a more balanced growth, we must be careful not to overlook the potential for further natural resource (agriculture) development.

There are two important facts about economic development: (1) Begin with what you have and develop it to its fullest potential. People and natural resources are the greatest assets of states represented at this conference. (2) Keep in focus total development, jobs for those not employed in natural resource areas, community facilities and services, recreation, and health. This approach is practical and has the goal of balanced growth and total resource development at the forefront in planning and action.

AGRIBUSINESS IN ALABAMA[1]

To help maintain a development equilibrium, a study was undertaken and completed in June 1968 on the nature, scope, and contribution of agribusiness to Alabama's economy. The study was sponsored by the Alabama Resource Development Committee. This committee has a membership of more than 70 representatives from agencies and organizations from both the private and public sectors which have a direct or indirect interest in developing Alabama's total resources.

Data are available to show the value of agricultural production to the state's economy. However, a void has existed in the availability of information on the contribution of the total agricultural complex—those business activities that support and service production units, handle and assemble agricultural and forest raw materials, and process and distribute finished products. The agribusiness study attempted to explore the contribution of these functions. More specifically, the objectives of the study were to determine:

(1) The nature and importance of the agribusiness economy in Alabama;
(2) Growth possibilities for agribusiness firms; and
(3) Needs for manpower and capital for anticipated growth.

Meeting these objectives might also provide information for more detailed analysis which would suggest needed adjustments in the agribusiness sector.

From the state study, an analysis has been made of the agribusiness activity in the 15 north Alabama counties in the Tennessee Valley. This was a joint effort between TVA and Auburn University, and a report has been published. This analysis permits us to make some interesting comparisons about growth possibilities in Valley counties as contrasted to the state as a whole.

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[1] Agribusiness firms as defined for this study included (1) retail and wholesale businesses that provided supplies, equipment, and services used in the production of agricultural products; (2) firms that performed the primary functions of handling and processing plant and animal products from farms; and (3) farm and farm-related production units that engaged in retailing, wholesaling, handling, and processing. In retail and wholesale businesses serving both farm and nonfarm customers to be classed as agribusiness firms, 75% of the volume must have been with farm and rural customers. Excluded from the county analysis were farm firms solely engaged in farm production although the characteristics and importance of farm firms in the state's economy are described early in the report. Retail, wholesale, and processing firms that handled or moved only processed or semiprocessed products toward ultimate users were excluded also although such firms deal importantly with products derived from agriculture. Example of these were food retailers, jobbers, florists, and cloth converters; i.e., businesses that dealt in finished or semifinished products converted from basic farm produced commodities.

Table 1 presents an overall view of Alabama agribusiness grouped into eight categories. Agribusiness with 95,827 employees accounted for 15% of all gainfully employed nonfarm workers, excluding workers in government. The 3,538 agribusiness firms fitting the definition and responding to the survey reported an estimated business volume of $1.8 billion in the 1966–67 business year. This was about one-fifth of the business volume of all retail, wholesale, and manufacturing firms as reported in the 1963 Census of Business, U.S. Department of Commerce. The principal state agribusiness group was forestry products, with 44% of the firms and 26% of the business volume.

TABLE 1.—ALABAMA STATE AGRIBUSINESS SUMMARY, 1966–67

[Dollar amounts in thousands]

Type of firm	Number of firms	Number of employees	Business volume	Capital investment
Feed and chemicals	216	5, 273	$190, 050	$154, 467
Food processing	314	14, 642	424, 650	142, 438
Field crop	443	35, 249	312, 075	336, 603
Machine sales and manufacturing	293	3, 369	124, 350	42, 915
Agricultural supply	397	1, 879	115, 822	34, 417
Livestock markets	89	595	135, 050	10, 304
Nursery crop	228	1, 519	23, 350	11, 008
Forest products	1, 568	32, 801	465, 550	544, 100
Total	3, 538	95, 827	1, 790, 897	1, 279, 252

Agribusiness firms in Alabama had about $1.3 billion in capital investment in 1966–67, or an average of $19.1 million per county. Average investment per firm was $362,000.

Agribusiness in 15 Tennessee Valley Counties of Alabama—The analysis of agribusiness activity for this area of the state was based on data from the statewide study and a similar format used for the analysis. Table 2 shows, by business category, the number of firms, number of employees, business volume, and capital investment for firms reporting from this 15-county area.

TABLE 2.—NUMBER OF AGRICUSINESS FIRMS, EMPLOYEES, BUSINESS VOLUME AND CAPITAL INVESTMENT: 15 TENNESSEE VALLEY COUNTIES OF ALABAMA, 1966–67

[Dollar amounts in thousands]

Type of firm	Number of firms	Number of employees	Business volume	Capital investment
Feed and chemicals	58	2, 799	$82, 841	$108, 005
Food processing	98	4, 315	111, 955	35, 476
Field crop	189	2, 475	71, 075	83, 732
Machinery sales and manufacturing	84	1, 280	36, 600	12, 307
Agricultural supply	127	636	31, 338	10, 393
Livestock markets	28	205	34, 750	2, 419
Nursery crop	49	306	5, 716	3, 665
Forest products	139	2, 336	41, 800	26, 515
Total	772	14, 352	416, 075	282, 512

Estimated dollar volume of agribusiness in 1966–67 was $416 million. This was about 22 percent of all retail and wholesale business, and value added by manufacturing as reported in the 1963 Census of Business, U.S. Department of Commerce. The agribusiness volume was about twice the sales of all farm products in 1964.

The 772 firms reporting had a capital investment of $282.5 million and employed 14,352 full-time workers. Excluding farm and government workers, local agribusiness employment was about one-fifth that of all wholesaling, retailing, and manufacturing. The average number of full-time employees per agribusiness firm for Tennessee Valley counties of Alabama was 19. Average business volume for the 772 firms was $539,000, and average capital investment was $365,900 per firm in 1967.

COMPARISONS BETWEEN STATE AND VALLEY AGRIBUSINESS

Some idea can be had on the relative position of the 15 Tennessee Valley counties in agribusiness development by comparisons with the state summary. Such comparisons may suggest the presence or absence of a composite of factors which influence the comparative advantage of a specific agribusiness activity. However, changes in the combination of factors, such as the discovery of new technology and shifts in enterprises could at some future date stimulate significant growth of a new business or revitalize an old one.

Tables 3, 4, and 5 show state and Valley area data and illustrate the percentage that Valley counties contribute to the state total in numbers of agribusiness firms by category, full-time employees, and capital investment.

Valley counties had 22 percent of the state's agribusiness firms reporting. Data in table 3 show highest concentration in firms doing business in agriculture supply, food processing, field crops handling and processing, machinery sales and manufacturing, and livestock marketing. The growth in numbers of firms in these categories can be related in part to the share of the state's agricultural production located in the Valley counties serviced by these types of agribusiness firms. The presence of a significant share of the state's food processing firms can be attributed to the Valley's growth in population, rising levels of income, presence of food-producing enterprises, and transportation access to consuming centers outside the area—Birmingham and Nashville, for example.

TABLE 3.—ALABAMA AGRIBUSINESS SUMMARY, 1966–67

Type of firm	State total (number)	15 Tennessee Valley counties (number)	Percent Tennessee Valley counties are of State total
Feed and chemicals	216	58	27
Food processing	314	98	31
Field crop	443	189	43
Machine sales and manufacturing	293	84	29
Agriculture supply	387	127	33
Livestock markets	89	28	31
Nursery crop	228	49	21
Forest products	1,568	139	9
Total	3,538	772	22

The Valley counties' share of state agribusiness employment (table 4) at 15% approximates agribusiness's share of the total labor force. However, as reported earlier, a larger share of the nonfarm labor force in the Valley counties is gainfully employed in agribusiness than for the state as a whole—25% compared with 15% for the state.

With the exception of feed and chemical firms and field crops processing firms, the Valley's share of firms by category and employment in these categories closely approximates one another.

TABLE 4.—ALABAMA AGRIBUSINESS SUMMARY, 1966–67

Type of firm	Full-time employees		
	State total (number)	15 Tennessee Valley counties (number)	Percent Tennessee Valley counties ont of State total
Feed and chemicals	5,273	2,799	53
Food processing	14,642	4,315	29
Field crop	35,249	2,475	7
Machinery sales and manufacturing	3,869	1,280	33
Agricultural supply	1,879	636	34
Livestock markets	595	205	34
Nursery crop	1,519	308	20
Forest products	32,801	2,336	7
Total	95,827	14,352	15

Capital investment in agribusiness firms in the Valley counties at $282 million is 22% of the state total. This figure is the same as the percentage of firms operating in these counties—table 5.

Feed and chemical firms represented the most significant departure, with 70% of the total capital investment in this category being in the 15 Valley counties. This would suggest that feed and chemical firms in the Valley are much larger and more specialized than for the state as a whole. The percentage of the business volume (table 2) and employment (table 4) would also support this conclusion.

Capital investment in forest product firms in the Valley at 5% of the state total is lowest for all categories and is consistent with the number of firms, employment, and business volume for this agribusiness sector in the Valley counties.

TABLE 5.—ALABAMA AGRIBUSINESS SUMMARY, 1966–67 TOTAL CAPITAL

[Dollar amounts in thousands]

Type of firm	State total	15 Tennessee Valley counties	Percent Tennessee Valley counties are of State total
Feed and chemicals	154, 467	108, 005	70
Food processing	142, 438	35, 476	25
Field crop	336, 603	83, 732	25
Machinery sales and manufacturing	42, 915	12, 307	29
Agricultural supply	34, 417	10, 393	30
Livestock markets	10, 304	2, 419	23
Nursery crop	14, 008	3, 665	26
Forest products	544, 100	26, 515	5
Total	1, 279, 252	282, 512	22

While not directly related to agribusiness firm per se as defined in this report, but no doubt of interest to this conference, is the capital investment in Alabama farm production units from the standpoint of farm loans outstanding. Table 6 shows the breakdown in outstanding loans from all sources as of January 1, 1968.

Table 6. Farm loans outstanding, Alabama, Jan. 1, 1968

Source of loan:	*Amount*
Merchants, dealers, individuals	[1] 235, 000, 000
All operating banks	147, 183, 000
Federal land bank	106, 470, 000
Farmers Home Administration	101, 201, 000
Production credit association	43, 820, 000
Insurance companies	38, 726, 000
Commodity Credit Corporation	[2] 12, 192, 000
Bank for cooperatives	8, 057, 000
Total	692, 649, 000

[1] Estimated.

[2] Loans made on commodities for year ended Dec. 31, 1967.

PROJECTED AGRIBUSINESS EXPANSION

All agribusiness firms participating in the state study were asked whether or not they expected to expand production and employment; if so, by how much, and their capital needs for expansion.

Their collective responses provide some assessment of the pulse of economic activity and therefore might be viewed as indicators of further growth and development.

In the report on "Agribusiness in the Tennessee Valley Counties of Alabama," a similar analysis was made to show growth possibilities of Valley area firms. The remainder of this discussion will deal largely with this analysis. However, tables 7, 8, and 9 present data for both the state and Valley area and thus provide a basis for comparison of growth projections.

Table 7 shows that 34% of all Valley firms planned to expand production. Most planned expansion within 2 years and a majority anticipated expanding up to 25%. Significant expansions were anticipated in all categories of agribusiness firms in the Valley, with field crops handling and processing firms being the smallest at 17%.

TABLE 7.—ALABAMA AGRIBUSINESS SUMMARY, 1966-67—FIRMS EXPANDING PRODUCTION

Type of firm	Percent of firms planning to expand production		Percent of firms planning to expand up to 25 percent	
	State	Valley	State	Valley
Feed and chemicals	47	40	37	33
Food processing	42	39	32	33
Field crop	23	17	20	15
Machinery sales and manufacturing	50	43	40	36
Agricultural supply	43	57	33	43
Livestock markets	33	29	25	25
Nursery crop	38	39	25	33
Forest products	15	24	9	20
Total	28	34	21	28

More than one-half of the agriculture supply firms in the Valley reported expansion plans with 43% planning to expand as much as 25%. The percent of all firms planning to expand production and the degree of expansion were somewhat higher for Valley firms than for the state as a whole (table 7).

Production expansion plans for firms in the food processing, feed, chemical, and machinery sales, and manufacturing categories are impressive for both Valley counties and statewide, even though projected expansion is somewhat greater for the latter.

About one-fifth of all Valley firms planned to expand employment (table 8). Generally speaking, plans for expanding employment and the rate of expansion by Valley firms and for the state closely paralleled one another.

TABLE 8.—ALABAMA AGRIBUSINESS SUMMARY, 1966-67—FIRMS EXPANDING EMPLOYMENT

Type of firm	Percent of firms planning to expand production		Percent of firms planning to expand up to 25 percent	
	State	Valley	State	Valley
Feed and chemicals	28	21	21	17
Food processing	37	35	31	31
Field crop	11	6	9	4
Machinery sales and manufacturing	43	37	33	31
Agricultural supply	29	33	21	24
Livestock markets	11	7	8	7
Nursery crop	26	26	18	20
Forest products	11	10	6	6
Total	20	21	14	16

In all agribusiness categories for both state and Valley counties, the percent of firms planning production expansion and the degree of expansion are greater than projections for employment and degree of employment. This may be explained in part as a continuation of the drive for efficiency by the application of advanced processing and marketing technology, resulting in increased output per worker and higher capital investment per employee. This might be illustrated in the feed and chemical category where plans for production expansion almost double plans for expanding employment—both in number of firms planning to expand production and the anticipated rate of increase.

Table 9 presents information on the capital needs of the 8 agribusiness categories to accommodate expansion in production and employment.

TABLE 9.—ALABAMA AGRIBUSINESS SUMMARY, 1966-67—CAPITAL NEEDS

[Dollar amounts in thousands]

Type of firm	State total	15 Tennessee Valley counties	Percent Tennessee Valley Counties are of State total
Feed and chemicals	$15,709	$3,059	19
Food processing	12,495	919	7
Field crop	17,290	3,749	22
Machine sales and manufacturing	6,599	1,755	27
Agriculture supply	5,140	1,785	35
Livestock markets	1,872	120	6
Nursery crop	1,039	196	19
Forest products	135,938	678	5
Total	196,092	12,261	6

Capital needs of Valley firms—approximately $12 million—represent 4.3% of their present total capital investment. More than 50% of the additional capital needs of Valley firms were for expansion in the feed and chemical manufacturing and field crops categories. The highest capital needs per firm were $53,000 in the feed and chemical manufacturing group. This suggests something of the scale of operation and the magnitude of expansion plans cited earlier.

The capital needs of Valley firms as contrasted to the state as a whole might suggest the use of capital reserves to accommodat eexpansion plans. However, one can only speculate on this point and consider alternative means of generating capital within the structure of the firm—such as the parent company.

CONCLUSION

Data presented in this discussion, and those contained in the published reports which could not be mentioned in the time limit of this presentation, clearly establish the importance of agribusiness to the economy of the Valley counties of Alabama and to the entire state.

The fact that a favorable climate exists for further growth and development of this sector has been documented. However, the realization of additional growth is conditioned by a number of factors, namely:

(1) Continued stable growth of the total regional and national economy;

(2) A recognition on the part of business, political, and community leaders of the impact that further development of the "agricultural complex" can have on an area's economic life and quality of living;

(3) Orderly application of science and technology in all areas—production, marketing, processing, and management—that will keep the system viable and competitive in local, national, and world markets.

(4) Presence of businessmen with a sensitivity for economic opportunity, a vision of societal needs, and the willingness to invest energy, know-how, and capital toward the further development of the agricultural industry—with profit as the incentive and complete and efficient use of total resources the goal.

ROLE OF UNIVERSITIES AND TVA IN AGRICULTURAL DEVELOPMENT

(By W. D. Bishop, Associate Dean, Agricultural Extension Service, University of Tennessee)

The universities and TVA have historically participated in cooperative programs to further the agricultural development of the Tennessee Valley. Since 1960 this has included a 3-phase program that identifies needed agricultural changes and helps stimulate required adjustments. Other activities include work in specific areas and through special projects.

Perhaps a review of this 3-phase program—plus a brief discussion of new program activities recently adopted—will give you a better idea of how we hope to influence agricultural progress.

FERTILIZER TRIALS AND FIELD DEMONSTRATIONS

This program consists of new fertilizer evaluations and fertilizer practice demonstrations. New fertilizer evaluation demonstrations are conducted with TVA pilot plant or early demonstration-scale plant products to assist in the planning for future fertilizer production. Each new TVA fertilizer is compared with a standard source on plots designed for statistical analysis. Evaluation sites are located on soils where a response is expected.

Fertilizer practice demonstrations are conducted to (1) introduce new TVA fertilizers to agricultural workers, farmers, and fertilizer dealers, and (2) demonstrate solutions to specific soil fertility problems. Emphasis is on demonstrating the value of fertilization practices proven by research but not yet in general use. Demonstrations are planned and conducted to obtain impact and a spread of practices to other farmers.

For both types of demonstrations, plots are small, usually less than an acre in size, and fertilizers are provided by TVA at no cost.

UNIT TEST-DEMONSTRATION FARMS

Unit test-demonstration farms are one of the major program activities through which TVA experimental fertilizers and recommended fertilizer practices are demonstrated and spread to farmers. These are whole-farm demonstrations designed to demonstrate solutions to problems on farm organization and efficient use of resources. The farms are selected and supervised by the universities on the basis of major soil associations, fertility problems, size of farm, type of farming, accessibility for tours, and ability of the farmer to conduct the program. Each farm participates in the program for not more than 6 years. TVA fertilizers are supplied at prices designed to encourage farmers to implement agreed-upon program activities.

Each farmer keeps crop production records for all fields on which test-demonstration fertilizers are used during the entire period in which he is participating in the progrem. These records help evaluate results obtained from the use of such fertilizers. Each cooperating farmer keeps financial records and such other special records as may be needed.

RAPID ADJUSTMENT FARMS

Rapid adjustment farms are established to explore income and adjustment possibilities for farms selected from important segments of agriculture. Adjustments in farm organization and management are made in a short period of time so that the experience gained can be used in wide-scale programs. The audience for the farms is primarily professional agricultural workers. Farmers selected will either have the resource base or have the potential for obtainnig resources necessary to develop full-time commercial farming units. Since rapid changes in farm organization involve high risk—and in many cases large outlays of capital—TVA provides an incentive on fertilizers.

TRIBUTARY AREA DEVELOPMENT

This phase of the program works through organized TAD areas to advance economic growth through fuller development and use of all available resources. Developmental programs encompass a wide range of activities including assistance in compiling a detailed inventory of resources, defining area problems, developing a comprehensive action program, conducting special studies, and guiding agricultural work groups as they plan and carry out various phases of the program. Reliance is placed upon citizens' groups in orienting the program to local conditions and coordinating with other activities of the TAD organization.

Valleywide cooperative agricultural program activities conducted in organized TAD areas are used to solve problems identified within the watersheds.

An intensification of cooperative program activities to accelerate agricultural development is being carried out in Beech River, Elk River, Sequatchie River, Upper Duck River, Yellow Creek, and Bear Creek watersheds in Tennessee, Alabama, and Mississippi.

SPECIAL AREA PROJECTS

Special projects are conducted when problems or developmental opportunities are so well defined in a particular area as to justify special programs. In such areas, TVA and the university concentrate the cooperative program elements on an intensified basis or devise a special program mix from the elements. In addition, new or unique program activities aimed at particular problems may be designed and implemented in those areas. The knowledge and experience derived from special area projects are transferred to other areas through the cooperative effort.

FUTURE PROGRAM ACTIVITIES

If the resources of the land-grant universities of the Valley states and the Tennessee Valley Authority are to bring about more rapid progress in resource development of the Valley, then these resources will have to be committed to removing the major restraints that impede progress in agricultural development. Many of the facts limiting the potential growth and development of the region may be aggregated into the following major problem areas:

a. Land use
b. Size of farm and tenure restriction
c. Market limitations
d. Technology and management

It is also recognized that the rate at which change can be brought about in any of these 4 problem areas is influenced greatly by human and cultural restraints. For example, over one-fifth of the farmers in the Valley are 65 years of age or more, and three-fifths of them have an eighth-grade education or less.

Also, resource utilization and development—particularly in commercial agriculture—is significantly influenced by institutional restrictions, such as land tax policies, market regulations, and acreage diversions to nonagricultural use.

To solve major problems growing out of agricultural trends and situations, it is necessary to use methods that will get greatest results with available resources. TVA and the universities have agreed to continue many of the activities discussed earlier and to inject new program elements where they can help stimulate progress. Fertilizer trials and field demonstrations, rapid adjustment farms, and the tributary area concept will remain vital parts of the program. New program elements are discussed below.

RESOURCE MANAGEMENT FARMS

This new element will replace test-demonstration farms in the Valley for demonstrating the profitability of various farming systems and efficient resource use for the benefit of farmers generally.

Groups to be identified and worked with include (a) commercial farmers, (b) potentially commercial farmers, (c) low-income farmers, and (d) farmers with potential for recreation, tourism, and related enterprises. The whole farm business will be the unit of planning. Major objective is to demonstrate the maximization of income through efficient use of the farm resources. Experience on rapid adjustment farms and other up-to-date technological advances, such as linear programming, will be used in evaluating alternative farm adjustments. Farms will participate for a period of 6 years. Farm records will be a major source of information for measuring farm progress, guiding future planning, and evaluating program results.

TVA fertilizers will be made available for use on resource management farms at incentive prices to encourage participating farmers to develop and implement whole-farm plans.

ENTERPRISE DEMONSTRATIONS

Such demonstrations will be established to demonstrate income possibilities from crop and/or livestock enterprises. TVA and the universities will use enterprise demonstrations primarily to introduce new crops and obtain input-output data from crop and livestock enterprises. They will afford a means of conducting intensive work during a short time on a specific problem. They will also fill a need for demonstrations on a scale larger than small plots but smaller than the whole farm. Farm participants may be selected for periods up to five years.

LAND TENURE PROJECTS

Purpose is to provide a means for consolidating and making fuller use of the agricultural land resource base of the Tennessee Valley to increase farm income. For specified areas, TVA and the universities will obtain information on prevailing land prices, equitable returns to land used for agricultural purposes, alternative leasing arrangements, land available for lease or purchase, and techniques for evaluating the farm income effects of acquiring additional land. Other agencies and organizations that have an interest and statutory obligation to improve land consolidation and use will be involved. Land tenure projects will be initiated on a pilot basis and expanded when experience has been gained.

FARM MANAGEMENT ASSOCIATIONS

The idea is to improve income of participating farmers by providing professional management services and improving their management skills.

Farm management services are available through private farm management companies in many areas outside the Valley. In other areas, associations of farmers are used to obtain these services. These services include enterprise and whole-farm planning, recordkeeping and analysis, providing tax service, providing assistance in marketing and purchasing, teaching new technology, and the like.

TVA and the universities will cooperate in determining the feasibility of these associations and will assist interested groups in organizing and establishing them on an experimental basis. The aim will be for the organization to become self-sufficient in financing and leadership within a reasonable length of time.

AGRIBUSINESS DEVELOPMENT ACTIVITIES

Purpose of this new element is to increase agricultural income through expanding marketing, processing, and supply facilities available to Valley farmers. Such activities will include defining agribusiness problems and opportunities, promoting the development of agricultural product markets, encouraging firms to supply farm inputs and services at minimum cost, determining the need for new markets and processing facilities, assisting with the expansion or development of agribusiness facilities, and obtaining greater involvement of agribusiness firms in resource development activities.

Conferences and seminars will be conducted jointly with colleges, trade associations, regional cooperatives, and/or other agribusiness groups to get a spread of new technology, improve services, and coordinate activities contributing to agricultural resource development.

TENNESSEE VALLEY RESOURCE DEVELOPMENT CONFERENCES

Objectives of such conferences are to obtain a broader insight into the problems that are retarding the development of the Tennessee Valley. These conferences will serve as a stimulus for the interchange of ideas among the many fields and disciplines involved in resource development. They will serve as a tool for extension and research workers, political leaders, farm and community leaders, and other agencies and organizations interested in more effective resource development programs. They will constitute a means for assembling and synthesizing information for programming purposes, identify significant problems retarding development, and give rise to new and unified efforts that will improve the welfare of the Valley's people.

SPECIAL RESEARCH STUDIES

Studies will be conducted by TVA and the universities to identify problems, evaluate programs, suggest new programs, and provide data for on-going programs. To keep research projects and action programs in perspective with development needs, a Valleywide research committee composed of representatives from the colleges and TVA will be formed. The committee will make recommendations on research projects needed in agricultural resource development and how results of research may be used to modify and improve program activities.

ROLE OF INDUSTRY IN DEVELOPING AGRICULTURE

(By Henry Simons, Executive Director, Georgia Agribusiness Council, Atlanta, Ga.)

There's a new organization in Georgia aimed at raising farm and agribusiness income by one-fourth in the next 5 years. Made up mainly of firms buying from or selling to farmers, the Georgia Agribusiness Council aims to help start new farm research, work for equitable farm taxes as well as develop and expand agribusiness activities in Georgia. This is one example of how industry can help develop agriculture. Another way is to help agriculture tell its story to nonagriculturally oriented groups.

Actually, what is agribusiness? Many people visualize agriculture and farming as simply a man with a mule.

This is the old production-oriented approach and even an old-fashioned approach at that, because experience and complex farm machinery have long since replaced the mule.

On the other hand, when most people think of industry they think of heavy industries such as steel mills, automobile factories, and such.

Actually, such industries make up a small portion of total industry—speaking either in terms of investment, number of employees or payroll.

MULTITUDE OF BUSINESSES SERVE AGRICULTURE

In between these two extremes—the farmer on the one hand and heavy industry on the other—are a multitude of smaller businesses and industry and many are related to agriculture.

Agribusinesses then are those businesses that serve agriculture or depend on agriculture for their raw products. I am, of course, including forestry in agriculture.

For instance, in the agricultural supply industry, we have among those firms serving agriculture feed manufacturers and dealers, fertilizer manufacturers and dealers, lending agencies, seed breeders and dealers, machinery manufacturers and dealers, and many others. All of these products and services start out back in the industrial complex and end up on the farm.

On the other hand there is a vast network of firms which handle the products of the farms as they move through marketing channels toward the ultimate consumer—transportation, processors, wholesalers, retailers, and others.

In addition to those commonly thought of agribusinesses, some of the less well known but no less agribusinesses are bakeries, meat packers, wholesale and retail grocers, cotton mills, oil mills, furniture manufacturers.

IMPORTANCE TO NATIONAL ECONOMY

These two groups are agribusiness. Now just how important is this group to the national economy?

Latest estimates indicate that:

> The food and fiber sector of the national economy is by far the largest business in the U.S.
>
> Forty percent of all jobs in private employment are related to agriculture.

FOOD PROCESSING IS BIGGEST U.S. INDUSTRY

The economic chain reaction that starts with farm and forest production is astounding. For instance, food processing constitutes the largest single business in the U.S. It has grossed well over $50 billion a year in recent years, roughly twice that of such industrial giants as motor vehicles primarily metals and petroleum.

It (food processing) employs 1.8 million people—more than 10% of all manufacturing employees.

In all of agribusiness of the U.S. there are 13 million persons employed. This is more than twice the 6 million farm workers.

The value of farm and forestry products in Georgia is roughly $1 billion but the value of these goods in the state at retail level is over $4 billion—$4.4 billion to be exact. Thus the value added in Georgia by transporting, processing, wholesaling, and retailing is almost 3½ times the original value. This of course does not consider that group of agribusinesses which serve the farmers.

Another important segment of agribusiness is the financial complex serving agriculture—the banks, other commercial financing institutions, government agencies, and individuals. There were outstanding on January 1, 1964, about $1 billion in farm loans in the state of Georgia. At a 6% rate, the annual interest on $1 billion is $60 million. Almost $350 million of these loans was held by merchants, dealers, and individuals.

Few of us realize how big agribusiness is in our state. Of the total manufacturing concerns in Georgia, 71% are members of the agribusiness complex. They employ 76% of the manufacturing employees of the state. But their payroll is only 66% of the total. The value added by the agribusiness manufacturers amounts to 67% of the state total of value added and these agri-manufacturers account for 61% of all new capital expenditures by Georgia manufacturers.

Unfortunately, not all of Georgia's farm and forest products are now completely processed within the state. One of the objectives of the Georgia Agribusiness Council is to encourage more processing of food, fiber, and timber products within the state in order to provide additional employment opportunities as well as a better market for Georgia farm products. If these efforts are successful, it could mean much to the future total economy of our state in the months and years ahead, helping to make Georgia a leader in the growing field of agribusiness.

Effective use of such organizations as the Agribusiness Council is a positive approach for industry to take in stimulating agricultural progress.

REQUIREMENT FOR DEVELOPING ADDITIONAL PROCESSING AND MARKETING FACILITIES—GRAIN CROPS

(By Claude Carter, Executive Vice President, Nebraska Consolidated Mills, Omaha, Nebr.

While Nebraska Consolidated Mills is not specifically a grain handling or merchandising company, all of our business at present, except for our Southeastern broiler and egg production and processing operations, does involve the processing of grain. We mill flour, mostly bakery flour, produce cornmeal in the Southeast, and manufacture formula feeds for poultry and livestock. We operate a total of 28 grain processing mills or plants in 11 states, Puerto Rico, and Spain. Today, we rank fourth among U.S. flour millers and among the top 10 feed manufacturers in volume.

During 1969, our company is celebrating its 50th anniversary. We're not that old in TVA country. In 1941, Nebraska Consolidated Mills, which up to that point had expanded by acquiring other flour mills in Nebraska, made its first major expansion move, and the first outside Nebraska. The new plant, a flour mill to start, was to be located at Decatur, Alabama, on the Tennessee River.

VALLEY LOCATIONS VALUABLE

Mr. R. S. Dickinson, now our board chairman, was president of the company in 1941, and his decision to expand to the Southeast was the first big move to make Nebraska Consolidated more than a regional flour miller. Industry statements have indicated that this expansion move puzzled many in the flour milling industry at the time. But the fact is that Mr. Dickinson was years ahead of other millers in grasping the economies and the possibilities of moving grains via the inland waterway system.

As an indication of our growth in the Southeast from our Tennessee River location at Decatur, the flour mill capacity has been increased 5 times from its original 1,400 cwts a day to 7,000 cwts a day. Our feed mill at Decatur can produce nearly 200,000 tons per year, more than 10 times what we could turn out from our first small feed operation there. And our present corn meal plant in Decatur has nearly twice the daily production capacity of Mr. Dickinson's pioneering flour mill of 28 years ago.

Since Decatur is a grain deficit area, the river location and economical barge shipments of midwestern grain to our Decatur complex have played an important role in our success in TVA country. This past year we unloaded 161 barges, or more than 6,400,000 bushels of grain at Decatur. This was supplemented by approximately 2,000 rails cars of incoming ingredients. In addition, on an average we have been buying more than 800,000 bushels of locally grown grain a year. Our grain storage capacity at Decatur has been increased 7-fold since 1941 to handle our grain needs, and we now have storage for 1,850,000 bushels at this plant.

In addition to Decatur, we now operate 2 other feed plants and a second flour mill in Tennessee Valley states. A feed plant at Tunnel Hill, Georgia, was built to handle broiler and egg operations exclusively. At Macon, Georgia, we now operate both a flour and a feed mill, which we are expanding and modernizing. Knowing from experience the advantages of water transportation which our Mr. Dickinson saw so clearly more than a quarter of a century ago, we are now researching possible water locations for a new feed mill to serve our growing feed business in southeast Alabama and southern Georgia. Lower rail rates are making us look twice at the advantages of water. Here, we are gearing up for expanded cattle and hog production in the area.

REQUIREMENTS FOR EXPANSION

I have briefly outlined the operations and growth of Nebraska Consolidated Mills in TVA country because I believe that our experience here serves to illustrate the basic requirements for the development of additional processing and marketing facilities in the years ahead in the Tennessee Valley region. While Mr. Dickinson didn't have it laid out this way, he knew what it would take. I believe the same factors are requirements for expansion of grain-based industry in the future, and there seem to me to be 5 that must be present:

1. *Markets for the primary grain products produced.* There must be consumer markets for the end-products of feed—red meat, poultry meat, eggs and milk; for bakery products made from flour, or other grain foods or export markets for the finished products or the grain ingredients.
2. *Markets for the main grain processing byproducts.* Two prime examples are soybean oil, which is derived from crushing soybeans, and midds from the flour milling process. Every time our market for midds drops $1 per ton, it adds 2 cents per cwt to the cost of flour.
3. *Adequate supplies of raw materials* plus adequate grain handling facilities and economical transportation are vital.
4. *Favorable economics* to provide the profit incentive for farmers to produce—to stimulate local production of most needed grains.
5. *An attractive return on investment* for the manufacturer or individual in relation to his alternative opportunities for capital investments.

Let's look at each of these 5 basic requirements for expansion in grain processing and marketing facilities more closely in terms of past growth and potential for future growth in the Tennessee Valley states.

MARKETS FOR THE PRIMARY PRODUCT

There are two dynamic growth markets which have accounted for most of the expansion in feed manufacturing and soybean processing in the Tennessee Valley. These are the commercial broilers and the commercial egg industries which have shifted dramatically to the Southeastern U.S. This is where most of our Nebraska Consolidated growth in feed has come from. The continuing growth in per capita consumption of chicken meat has made the broiler industry's growth and expansion steady. At 3% to 4% per year, consumer per-capita demand for eggs is not increasing, but the South has become much more important as the Nation's egg basket as production has shifted from farm flocks to commercial operations. The seven Valley states in 1968 produced: 4.7 billion live broilers—51% of U.S. total; 1.35 billion dozen eggs—24% of U.S. total.

In 1968, broilers produced in the Tennessee Valley states required 6.5 million tons of feed, and to produce the eggs required 3.9 million tons of feed. This makes a total of 10.4 million tons of feed business that did not exist 20 years ago.

The 1968 broiler and egg production of the seven Valley states required 2.38 million tons of soybean meal, or more than 101 million bushels of soybeans . . . and used 5.6 million tons, or 198 million bushels, of corn.

To show further how feed usage has increased, let's look at the State of Alabama. In the 11-year period from 1957 through 1968, broiler feed volume has tripled, and feed for laying hens has increased nearly 2½ times.

This growth in broiler and egg production plus strong export demand for soybeans and soybean meal accounts for a major part of the dramatic increases in soybean production from 1965–68 in the Tennessee Valley states and the increase in the number of soybean processing plants in the area; 38 soybean plants now are located in the Valley, and most of them are relatively new.

WHAT ABOUT FUTURE MARKETS FOR FEED, SOYBEAN MEAL, FEED GRAINS?

The impact of the broiler and egg industry on the growth in grain production, processing, and marketing during the past [illegible] years demonstrates clearly the vital importance of a growing consumer demand for the end products the consumer buys.

The broiler industry should continue to grow at a steady pace related to increased consumer demand for chicken, the growth of convenience carry-out restaurants, and the favorable price position of chicken at the supermarkets in relation to red meats. It is estimated that 50% more broilers will be needed by 1980.

Pork opportunity—If the seven Valley states could increase the local production of pork by just enough to supply their own needs to become self-sufficient, it would require 3.8 million head of 200-pound market hogs, or 765 million more live pounds of pork produced in the Valley states just to meet present consumption. This would require 1.3 million tons of feed, 33 million bushels more corn, and 185,000 tons more soybean meal, which would equal approximately 7 million bushels.

Beef opportunity—It would take almost 1 million additional head of 1,000-pound steers produced in the Valley states each year to make the area self-sufficient in beef production. This would also create an additional market for feed and grain.

The export market for grain, particularly corn, soybeans and soybean meal, appears to present a growing opportunity for the Tennessee Valley states. Close proximity to major shipping ports, river transportation, and more processing plants are all now TVA area advantages unless nullified by new transportation innovations. Continued heavy exports to Japan and expanded European markets look promising from long range.

To illustrate the present importance of soybean exports, in 1968, 54 million bushels of soybeans as soybean meal plus 57 million bushels of whole soybeans were exported from the ports of Mobile and New Orleans. By far, the big majority of this meal and whole beans comes from the Midwest by barge and rail, and we can look at this market as another potential for southern-grown soybeans. The Southeast has a transportation advantage to capture the export market.

MARKETS FOR PROCESSING PRODUCTS

Particular attention to grain byproduct markets must be developed as basic grain processing increases in the Valley states. Soybeans already have a lot of uses, but TVA area soybean meal processing can be unprofitable if there are not close-by markets for soybean oil at a good price. Thus, users of soybean oil should be encouraged to locate their plants in the area. In our flour business, we must always find good markets for midds, the principal byproduct of flour milling, in order to get a satisfactory return on our flour-milling investment and to lower our price to our flour customers.

RAW MATERIALS, STORAGE, HANDLING AND TRANSPORTATION

A third key requirement for the expansion of the grain processing and handling industry in the TVA area is adequate supplies of the raw materials along with the necessary grain storage, handling facilities, and economical transportation.

Total local grain production in the Valley states is increasing, but the big increase is coming in soybeans plus smaller increases in wheat production, while production of the major feed grain—corn—is declining in the TVA area. The increase in soybean production has been dramatic in the past 3–4 years. The 10 southern states produced 25.4% of the total U.S. soybean crop in 1966 and 29.8% in 1967, a big jump in just one year which out-paced all forecasts.

In 1968, if the toal quantity grown of locally produced soybeans were processed and used in the area for feed (and most are), this would supply about 86% of the soybeans required for all the feed used in 1968 in the 7 Valley states. We estimate 145 million bushels of soybeans required for feed and 135 million bushels produced in the area. Apparently, lower rail rates and Big John grain cars and barges are moving more and more midwestern corn into the TVA area.

In the 10 southern states, almost 60% of the corn now comes from outside the South. Thus, the South seems to be moving to become more self-sufficient in soybean production and processing and to be relying more on corn from the Midwest. About two-thirds of the wheat used in the southern states is being produced in the South. For all grains, the latest available figures show 58% produced in the South and 42% shipped in from other areas.

New innovations in grain transportation continue to help the TVA area stimulated by lower rail rates. Half of the grain shipments from outside the South are by rail, 30% by barge, and 20% by truck. About 70% of local grains produced in the South moves by truck.

Continued expansion of broiler, egg, and livestock production in the Valley states and a favorable export outlook will create a continued demand for increased soybean production and new soybean processing facilities in the Valley states. The potential for increased corn and wheat production will also exist for TVA area farmers if the economic factors are favorable. As economies of transporting, producing, and processing grain continue, it is likely that there will be a growing need for improved and enlarged grain storage and handling facilities in the South.

Some expansion of storage facilities has taken place. Between January 1, 1965, and January 1, 1968, there was a 24% increase in total off-farm grain storage capacity in the 10 southern states. In Alabama, for example, it is estimated that grain marketing facilities in 1975 will be required to handle approximately 75% more feed grain volume than in 1964.

MUST BE ATTRACTIVE TO FARMER AND INDUSTRY

Another important basic requirement for expanding grain production and processing in the Valley states is the economic attractiveness to the farmer. TVA studies show that with present yield conditions, soybeans are more profitable than corn to the farmer. This could be one of the reasons for the decline in production of corn and certain other small grains across the South. If cotton acreage remains near the present level and demand for soybean products continues to increase, soybean production in the South will probably increase both in actual quantity and at a faster rate than in the Corn Belt. A point to remember: The need and opportunity for both increased corn production and soybean production in the South may exist, but the economic opportunity, the profit to the farmer, must provide the incentive for increased production.

Closely related is the requirement that grain processing and handling must offer a good return on investment for the company or individual investing capital in the necessary plants and facilities. Companies like ours today are looking more closely than ever at their alternative capital investment opportunities. More emphasis is being placed on return on investment. Some companies with opportunities in high margin consumer convenience products have lost interest in and have deemphasized such businesses as grain handling, feed manufacturing, and flour milling.

As an example, in the flour industry today, it is very difficult to make an all-new flour mill pay out because of the high construction cost. A new flour mill costs approximately $1,000/cwt of capacity to construct. We can buy old mills in good locations for about $100/cwt of capacity, one-tenth the cost. That's why we are expanding by buying old flour mills at lower cost, and then remodeling them to increased production and efficiency—rather than building new flour mills.

A requirement that must not be overlooked is that this projected expansion of grain processing and production in the Valley states must have a good return on investment for those who put up the capital for the plants and facilities.

SUMMARY

At best, this is a brief and pretty general treatment of the requirements for expanding grain processing and handling facilities in the great Tennessee Valley area.

From our brief review, it appears to me there are several specific future grain-related opportunities in the Tennessee Valley. I predict that in years to follow will come (1) an increase in local production of corn and soybeans; (2) continued innovations in the handling and the transportation of grain; (3) more self-sufficiency in pork and beef production; (4) an increase in feed production facilities to supply expanding poultry and livestock production; (5) an increase in soybean processing facilities; (6) new and expanded grain storage and marketing facilities; and (7) research and development, with new products using the byproducts derived from grain processing.

Historically, TVA country was Nebraska Consolidated Mills' first major expansion area, and the company was also one of the first to recognize the economic advantages and opportunities the area had to offer. We are proud to have played a small role in the dramatic agricultural development of the Tennessee Valley in the past quarter century. Today we are operating 3 feed plants, 2 flour mills, 2 broiler processing plants, and 2 egg processing plants in Alabama and Georgia. Tomorrow, who knows?

We are confident that continued change and growth in the agriculture of this TVA area is a certainty. We are continually surveying and evaluating the basic requirements and the opportunities to find the best ways that Nebraska Consolidated can have a bigger piece of the action.

AGRICULTURAL RESOURCES, POTENTIALS, AND PROBLEMS IN THE 15 NORTH ALABAMA COUNTIES [1]

North Alabama is one of the most important agricultural areas in the southeastern United States. It has one of the most fertile land bases and greatest concentrations of commercial farming in the region. The 15-county [2] area produces over one-third of the farm sales in the entire 125-county Tennessee Valley, and is experiencing rapid changes in kind and amount of production. The area is rapidly changing from what was once a crop enterprise type of farming to a livestock and poultry enterprise type. Farmers are purchasing more inputs used in production and selling more of the output for off-farm consumption. Thus, there is less separation of the agricultural production, marketing, processing and distribution sectors. Changes in one sector create changes in other sectors. The off-farm agricultural sectors are expanding faster than the on-farm production sector.

1. LAND RESOURCES

The 15 north Alabama counties [3] consist of approximately 6.6 milion acres (figure 1). According to the 1964 Agricultural Census, about 3.5 million acres are in farms. Data indicate that land is being underutilized. The 1967 Conservation Needs Inventory (CNI) data show that of the 6.6 milion acres in the area, about one-half is in forest and one-fourth is cropland. The remaining one-fourth is in pasture and noninventoried land (figure 2). The data further shows that of land Classes I–III (about 3.0 million acres, table 1); 47 percent is in cropland, 20 percent in pasture, 29 percent in forest, and 4 percent in other land (figure 3). Normally, Classes I–III land is considered suitable for cropping.

There are approximately 3.5 million acres in farms according to the 1964 Agricultural Census. The remaining 3.1 million acres are in commercial forest, urban uses, water, land holding companies, etc., and not now under control of the farmer. About one-half of the farmland is classed as cropland and one-third is in farm woodland (figure 4).

Only a little over one-half of the cropland is harvested each year. The woodland is classified into two categories: woodland not pastured, 25.3 percent; and woodland pastured, 11 percent. The *other* land is in house lots, barn lots, lanes, roads, ditches, land areas of ponds and wasteland (figure 5).

The land classified as cropland is broken down into three categories (figure 5). The category "cropland not harvested or pastured" (about 330,000 acres) is mostly idle land and could be brought into production. According to the 1964 Agricultural Census, 190,000 acres of this land was idle and another 131,000 acres was in soil-improvement grasses and legumes. The remaining 10,000 acres was in crops that failed and were not harvested. Much of the cropland "used only for pasture" is good enough to be used for row crops.

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[1] Prepared by Harold C. Young, H. A. Henderson, and Gerald G. Williams, Agricultural Economists, Agricultural Resource Development Branch, and Director, Division of Agricultural Development, Tennessee Valley Authority, respectively.

[2] Major sources of data were: 1964 U.S. Census of Agriculture; Alabama Agricultural Statistics; Carl E. Madewell and William V. Pace, "Agricultural Opportunities in the TARCOG Area," published by Tennessee Valley Authority in cooperation with Auburn University and Top of Alabama Regional Council of Governments, Circular Z-8, April 1970; and Alabama Soil Conservation Service supplied the CNI data.

[3] Counties included which lie wholly or partially within the drainage area are: Blount, Colbert, Cullman, DeKalb, Etowah, Franklin, Jackson, Lauderdale, Lawrence, Limestone, Madison, Marion, Marshall, Morgan, and Winston.

2. AGRICULTURE IN THE PAST AND PRESENT

In 1964 there were 31,072 farms with an average size of 111 acres. There were almost 19,000 operators who owned their farms. The remaining 12,000 operators were about equally divided between part owners, who owned some land and rented some land from others, and tenants (table 2).

Size of farm is an indicator of volume of sales. Half of all farms are less than 50 acres. Only 3 percent were above 500 acres in size (figure 6). Average size of farm in 1968 was estimated at 116 acres. The number of farms was estimated at 27,330 (table 2).

Small size of farm is reflected in sales. Only about 1 farm in 7 had sales over $20,000. Over one-half had sales of less than $2,500. Many of those with least sales were either over 65 or had nonfarm income (figure 7).

Most farmers supplement their farm sales with other income. Over 82 percent of the farms had income from nonfarm sources (table 3). Many of them had income from several sources. Nonfarm income of farm households was almost one-half as much as farm sales. It was $90.7 million in 1964. The major portion ($66 million) came from wages and salaries.

The number of large farms is growing while the number of small farms is decreasing. Farms selling over $20,000 in farm products increased 133 percent from 1959 to 1968 (table 4). The low-income group of farmers are the most dependent on agriculture for a livelihood. They decreased in number.

Farm product sales have continued to increase. Farm sales in 1959 were $165 million and increased to an estimated $260 million in 1968. Over one-half of this increase was in poultry which has more than doubled (table 5).

Numbers of livestock on farms varied considerably between 1959 and 1964 according to the Census of Agriculture.

	Percent
Cattle and calves	+43
Milk cows	−20
Heifers and heifer calves	+42
Hogs and pigs	−44
Chickens 4 months old and over	+87

Cattle and calves on farm between 1964 and 1969 increased slightly while milk cows decreased (figure 8). Hogs and pigs continued to decrease through 1968 to a low of about 190,000, increasing to more than 290,000 by January 1969 (figure 9). Chickens, other than broilers, increased to almost 10 million by 1969 (figure 10). According to the Agricultural Census, there were 25 million dozen eggs sold in 1959, increasing to more than 80 million in 1964. This reflects considerable increase in egg production per hen.

There has been a decline in acreage of crops harvested—from more than 1 million acres in 1959 to 632,000 acres in 1969. Acres of corn harvested for grain have declined rapidly. In 1959 there were more than 600,000 acres harvested, decreasing to about 200,000 in 1969 (figure 11). Yields vary considerably from year to year but increased from a low of 28 bushels per acre in 1959 to a high of 40 in 1968.

Unfavorable weather contributed to a 5-bushel-per-acre decline in yield in 1969.

Cotton farmers have also been hit by bad weather, resulting in low yields for the past 4 years: 1967 was almost a complete failure. Between 1964 and 1969, acres of cotton harvested decreased almost 100,000 acres (table 6). Yields have been extremely low. A yield of approximately 2 bales per acre is needed to reach the potential sale figure of approximately $100 million.

Soybean acreage has increased from 22,000 in 1959 to 172,000 in 1969. Many acres formerly devoted to cotton have been planted in soybeans. With the rapid increase in acres, yields have continued to show only a small increase—from 19 bushels per acre in 1959 to 24 bushels in 1969 (figure 12).

3. FARM POTENTIALS

Just what is the potential for farm production in the future? Potentials are difficult to derive, but are important in that they serve many useful purposes.

Among these are: (1) identify major areas offering opportunity for expansion, (2) challenges our thinking, (3) encourages the adoption of appropriate new technology, and (4) helps plan for obtaining inputs and adjusting markets.

Estimated potentials for the 15 Valley counties are based upon the following general assumptions:

1. Sustained economic growth equal to past 20 years,
2. Unlimited capital,
3. Stable prices at 1964 levels,
4. Favorable markets,
5. Full mobility of resources, and
6. Constant government restrictions on production at 1967 levels.

Livestock production potentials (except poultry) were limited to feed supply and available labor. Imported feed was assumed to be available at prices favorable to expansion of poultry production.

In deriving the potentials, a close look at the 1964 agricultural data was necessary. Relating this to what had happened in the area since that date and especially in 1967, each enterprise was studied separately and estimates were made. The total of all estimates shows that the area is capable of producing at approximately three times the 1964 level. Farm sales could increase from $224 million to $655 million (figure 13). A similar study was made for the entire Tennessee Valley. This 15-county area included about 37 percent of the present production and 43 percent of the potential increase of the entire 125-county area.

There is little question as to the availability of land as previously covered in this report. According to the CNI data, about 1.5 million acres are underused (figure 14). Data in figure 14 is based upon the total inventoried land. However, it complements data presented from the Agricultural Census which showed that much cropland was being underused. All potentials were based on the application of presently known technology that has been proven on farms and good conservation practices.

One example of technology given is use of lime. Studies show that for each $1 spent on lime, a return of $8 can be expected in increased production of 7 major crops (table 7). A $5.8 million increase in farm sales could result from this practice alone.

Attaining these potentials will also require some changes in organizations that support agriculture, such as financing institutions, nonfarm businesses that supply inputs, and markets. For example, since 1964 pigs sold through organized feeder pig markets have increased more than 10 times, and the volume of money has increased almost 20 times (table 8).

If through the help of businessmen, farmers could be encouraged to top out the feeder pigs presently going to Northern markets, another boost could be realized both to the farmer and to the supply firms furnishing related services. Feeder pigs that now sell for $2.2 million would sell for $5.1 million if fed to slaughter weight and $8.3 million if dressed by a slaughter house (figure 15). These pigs, if fed out and slaughtered, would provide a basis for 93 farmers (feeding out about 1,200 head each per year), 2 feed mills, and 2 slaughter plants (figure 16).

4. FARM DEPENDENT BUSINESS

Businessmen should realize that farm production has a tremendous effect on local business. An example from one study (Asheville)[4] showed that each $1 million increase of farm sales meant a $3.8 million increase in total business, 100 new farm jobs, and 200 nonfarm jobs (figure 17).

When farm sales are changed, a whole series of changes take place in the economy of an area. It is something like dropping a stone into a pond. At first, a big splash takes place; then, waves radiate over a wide area. Based on the North Carolina study and a number of others, we have estimated the impact of dollar farm sales to north Alabama.

One dollar of farm sales generates about $2 of business for direct *farm dependent businesses*. These are the firms that supply the farmer with inputs and market his products. This gives a total agricultural industry business of about $3. But the story does not stop here. When workers spend more money at local stores, local filling stations, local theaters, and pay more local taxes, additional business is generated—about 80 cents. Adding this all together, about $3.80 of new business is generated by $1.00 of farm sales (figure 18).

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[4] Source: *The Farm Index*, June 1967.

Information on farm-dependent business comes from a survey of firms in these counties that did more than three-fourths of their business with farmers in 1967.[5] This study was made by TVA and Auburn University in cooperation with the Alabama Resource Development Committee.

This study included 772 firms that employed 18,000 people, did $416 million of business, and required a $282 million investment (figures 19 and 20). A closer look at these firms shows supply firms had an investment of $131 million while marketing and processing investments amounted to $151 million (figure 21).

If the potential production is reached and farmers sell products amounting to $655 million, agriculturally dependent firms would also need to expand. Employment would increase to 54,000 with an investment of $850 million, reaching a total volume of business in excess of $1.2 billion (figure 22).

Firms that are connected with the supply and processing of poultry and livestock products will require the greater investment and at the same time conduct the greater volume of business (table 9).

This $1.2 billion of new growth will be distributed among the existing firms or similar new firms. We do not know just how much will go to each kind. But on the average, each kind can expand to about three times.

Supplying financing, inputs, and marketing services to farms is important and will grow more important. But, the influence of farm dependent business on farmers as they make decisions may be even more important. Farmers depend on businessmen for advice and help in making their decisions in many areas (table 10). In one study, 97 percent of the farmers indicated that they expected their dealers to help them decide the kind and amount of fertilizer to use on each crop.

5. BARRIERS TO DEVELOPMENT

If these potentials are to be reached, many changes must take place on farms. Farmers must learn to do many things different from what they now do and agribusiness services must be changed and expanded to service these farmers. We have attempted to define some of the major barriers to farm development. These are:

A. Management ability of farmers and their ability to use new technology need to be improved. Many of our past programs have demonstrated that this barrier can be overcome with resulting increases in income. Rapid adjustment farms that have completed 4 years on an intensive program have more than doubled net farm income.[6]

B. Land is improperly used. A little more than one-half of the land in Capability Classes I–III is being used for pasture and forest and woodland. This represents a substantial loss in potential farm income. Much of the land is underused and a small amount is overused.

C. Land tenure problems discourage adjustments. We have some serious land tenure problems that must be solved. We must look at our cropland; too much of our land is now in uses other than crops. Our tax structure has not encouraged best use of land in the past. Auburn University is presently making a study of land ownership and leasing patterns in this area. To reach our potentials, we must have new land leasing arrangements.

D. Farm size is limited. We will also have to determine just what an economic-size farm should be. But we already know that farm size today is a serious limiting factor to reaching our potentials. Farm size in terms of acreage and income must be expanded if production potentials are to be reached.

E. There are many human and cultural restraints that must be solved if we are to reach our $1.2 billion potential. Farmer age, educational level, customs, and traditions are difficult problems to solve. One thing we must do, however, is to encourage younger men to come into agriculture. Young families need help in making decisions and are more likely to see the economic returns from applying new technology. They are more apt to seek professional advice in helping them establish good business procedures on their farms.

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[5] Carl E. Madewell, Maurice J. Danner, and A. R. Cavender, "Agribusiness in the Tennessee Valley Counties of Alabama," published cooperatively by Auburn University and Tennessee Valley Authority, F69 ACD5.

[6] W. V. Pace, "Rapid Adjustment Farms in the Tennessee Valley," Bulletin Y8, Tennessee Valley Authority, 1970.

F. Market processing facilities need expanding. Only a few years ago, most farm products were either consumed on the farm where they were produced or in nearby areas. Now—and even more so in the future—farmers are producing for distant consumers, about whom they have little knowledge and little contact. Our marketing and processing system must be further developed to bring these distant people together. We need more facilities right here in north Alabama.

SUMMARY

The north Alabama area is one of the most important agricultural areas in the Southeast in terms of concentration of commercial production and charges being made. It includes about 30,000 farms producing farm products worth $260 million annually. In addition, over 770 farm-dependent firms have a business volume of over $400 million.

Agriculture in the area is making rapid growth and change. Value of farm products sold grew more than 50 percent the last 10 years—from $165 million to $260 million. This was done in spite of unfavorable weather. The big growth was in poultry which accounted for about half the expansion. Soybeans are replacing cotton and corn as major cash crops. In addition to farm income, 80 percent of the farmers had nonfarm income of over $90 million.

Resources are not fully used. At least half of the better land (classes I–III) is not used for crops, and less than half the cropland is harvested each year.

Agriculture in the area could be expanded beyond what it is if resources are more fully used and already tested and proven technology is used. Farm sales could increase from $260 million in 1968 to about $655 million, according to one estimate. To make these changes would require many changes in technology, such as increased fertilizer and lime use, changes in enterprise mixes such as further expansion of poultry, and increased marketing and supply services such as feeder pig markets, feed mills, and slaughter houses.

Expanding agriculture causes a whole series of business expansions. Expanding farm sales to $655 million will generate other direct farm-dependent business to about 54,000 workers and a volume of business of about $1.2 billion.

These changes will not be either automatic or easy to make. There are many things to hinder and resist expansion. The main barriers identified are:

(1) Management ability of farmers and their ability to use new technology need to be improved.
(2) Land is improperly used.
(3) Land tenure problems discourages adjustment.
(4) Farm size is limited.
(5) Human and cultural restraints limit ability to change.
(6) Markets need to be expanded.

APPENDIX I

TABLE 1.—DISTRIBUTION OF LAND BY USE AND CAPABILITY SUBCLASS IN THE 15 NORTH ALABAMA COUNTIES, 1967

[Acre amounts in thousands]

	Inventory acreage									
	Cropland[1]	Percent	Pasture and range	Percent	Forest and woodland	Percent	Other land	Percent	Total	Percent
Land capability subclass:										
I	94	5.5	15	1.7	6	0.1	5	2.5	120	2.0
II	871	51.0	310	37.2	328	10.1	78	40.8	1,586	26.5
III	458	26.8	277	33.3	548	16.8	51	26.4	1,334	22.3
Subtotal	1,423	83.5	602	72.4	882	27.2	134	69.8	3,040	50.9
IV	211	12.3	136	16.3	359	11.0	19	9.9	725	12.1
VI	47	2.7	52	6.3	310	9.5	14	7.1	423	7.1
VII	24	1.3	41	4.9	1,691	52.1	25	13.1	1,781	29.8
Subtotal	282	16.5	229	27.5	2,360	72.8	58	30.2	2,929	49.1
Grand total	1,704	100.0	832	100.0	3,242	100.0	192	100.0	5,970	100.0

[1] Federal land leased or used by permit for cropland is included.

Source: Conservation Needs Inventory, 1967.

TABLE 2.—SELECTED INFORMATION, 15 NORTH ALABAMA COUNTIES

	1959[1]	1964[1]	Percent change	1968[2]	1973[2]
Total farms	38,341	31,072	−19.0	27,300	21,800
Acres in farms	3,811,223	3,447,240	−9.6		
Average size of farm	99.4	110.9	11.6		
By tenure and color:					
Full owners	20,567	18,747	−8.8		
White	19,928	18,276	−8.3		
Nonwhite	639	471	−26.3		
Part owners	8,113	6,830	−15.8		
White	7,644	6,466	−15.4		
Nonwhite	469	364	−22.4		
Managers	111	47	−57.7		
Tenants	9,550	5,448	−43.0		
White	8,223	4,792	−42.5		
Nonwhite	1,327	719	−45.8		
Proportion of tenancy	24.9	17.5	−29.7		

[1] Source: Agricultural Census, 1964.
[2] Estimated.

TABLE 3.—NONFARM INCOME, 15 NORTH ALABAMA COUNTIES, 1964 AGRICULTURAL CENSUS

	Farm households (percent)	Dollars (million)
Wages and salaries	71	66.0
Nonfarm business or professional	11	9.6
Social security, pensions, veteran payments, etc	30	7.3
Rent from farm and nonfarm property, interest, and dividends, etc	37	7.8
All sources	82	90.7
Farm product sales	100	224.0

TABLE 4.—CHANGES IN FARM NUMBERS BY FARM SALES, 15 NORTH ALABAMA COUNTIES

Farm sales	Number of farms, 1959[1]	Number of farms, 1968[2]	Percent change 1959–68
Over $20,000	1,568	3,660	+133
$10,000 to $20,000	2,186	2,600	+19
$5,000 to $10,000	3,824	3,060	−20
$2,500 to $5,000	7,246	3,390	−53
Under $2,500:			
Low income	7,321	4,850	−34
Part time	12,507	7,230	−42
Part retirement	3,855	2,540	−34

[1] Source: Agricultural Census 1964.
[2] Estimated.

TABLE 5.—VALUE OF FARM PRODUCTS SOLD, BY SOURCE, 15 NORTH ALABAMA COUNTIES

[In thousands]

	1959 [1]	1964 [1]	1968 [2]	1973 [2]
All farm products sold	165,194	224,110	260,000	302,400
All crops sold	81,900	92,007	100,000	100,400
Field crops (other than vegetables, fruits, and nut)	77,130	86,791	94,500	94,222
Vegetables	1,148	1,873	2,200	2,838
Fruits and nuts	748	507	500	420
Forest products and horticultural specialty products	2,874	2,836	2,800	2,920
All livestock and livestock products sold	83,294	131,912	160,000	202,000
Poultry and poultry products	55,077	101,420	128,720	168,390
Diary products	5,565	8,387	8,830	10,080
Livestock and livestock products (other than poultry and dairy products)	22,654	22,105	22,450	23,530

[1] Source: Agricultural Census, 1964.
[2] Estimated.

TABLE 6.—COTTON, 15 NORTH ALABAMA COUNTIES

	1964	1965	1966	1968	1969
Acres	355,438	367,270	262,120	244,850	261,600
Bales	423,464	471,240	207,100	185,110	235,400
Bales per acre	1.2	1.3	.8	.8	.9

TABLE 7.—*Returns from liming 7 major crops in 15 North Alabama counties*

	Million
Crop value 1964	$85.2
Value of increased production from liming	6.6
Less annual cost of lime	.8
Annual potential increase from liming	5.8

Ratio of increased crop value to liming cost: 8 : 1.

TABLE 8.—SUMMARY OF ORGANIZED FEEDER PIG SALES—15 NORTH ALABAMA COUNTIES

Year	Number pigs	Total sales dollars
1961	1,467	17,593
1962	2,944	36,201
1963	8,235	88,498
1964	9,987	118,236
1965	17,426	308,838
1966	34,097	654,188
1967	68,400	1,033,935
1968	85,412	1,265,143
1969	111,781	2,172,837
1970	156,517	2,958,380

TABLE 9.—ESTIMATED FARM DEPENDENT BUSINESS AND CAPITAL INVESTMENT ASSOCIATED WITH THE ON-FARM PRODUCTION POTENTIALS—15 NORTH ALABAMA COUNTIES

[In millions of dollars]

Enterprise	Farm dependent business	Capital investment
Hogs, cattle, and other livestock products	260	170
Poultry products	690	470
Cotton	190	130
Soybeans	50	30
Other crops	80	50
Total	1,250	850

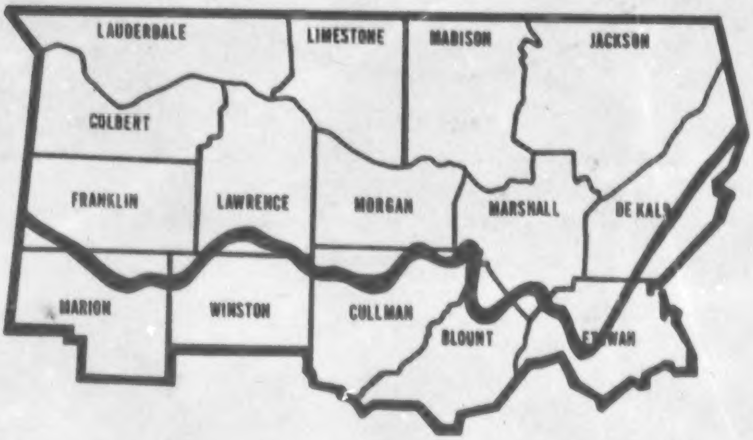
TABLE 10.—WHERE FARMERS GET INFORMATION[1]

[In percent]

Problem	Source of information				
	Agribusiness	College	Other farmers	Other	Total
Cultural	32	37	21	10	100
Insect	82	16	1	1	100
Disease	70	28	1	1	100
Farm planning	21	42	20	17	100

[1] Source: Journal of Cooperative Extension, fall 1966, p. 165.

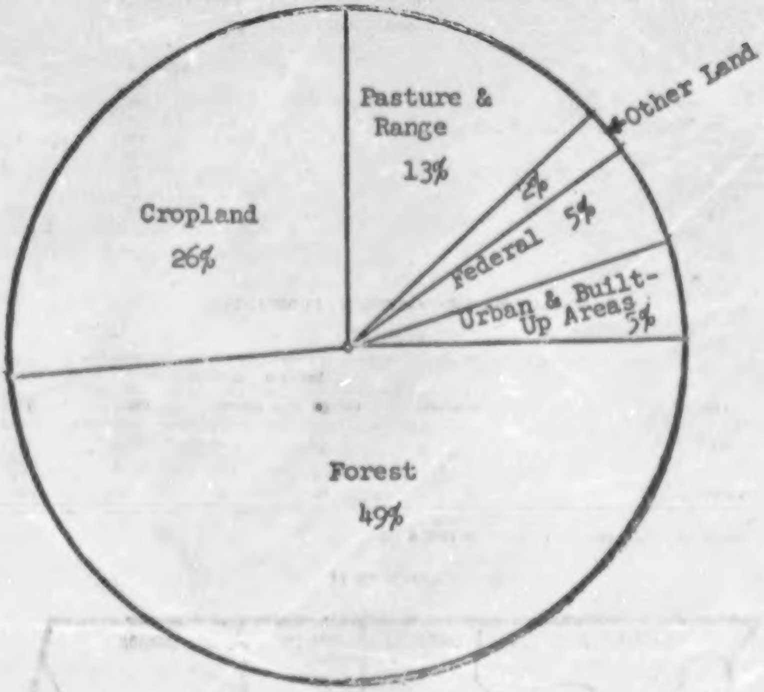
APPENDIX II


LAUDERDALE
LIMESTONE
MADISON
JACKSON
COLBERT
FRANKLIN
LAWRENCE
MORGAN
MARSHALL
DE KALB
MARION
WINSTON
CULLMAN
BLOUNT
ETOWAH

FIFTEEN NORTH ALABAMA COUNTIES

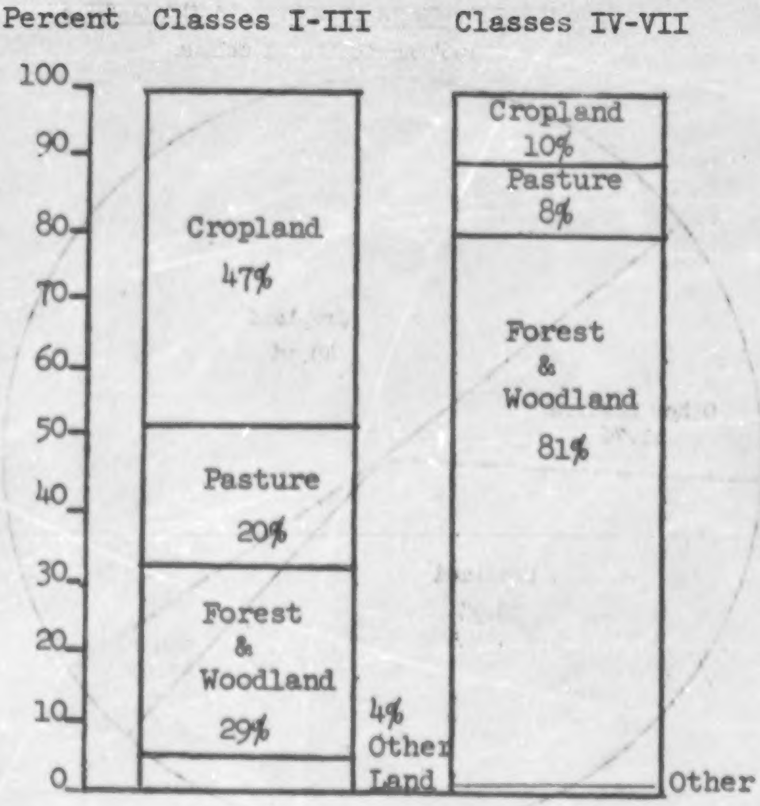
FIGURE 1

Land Utilization in 15 North Alabama Counties, 1967



Land Use

FIGURE 2

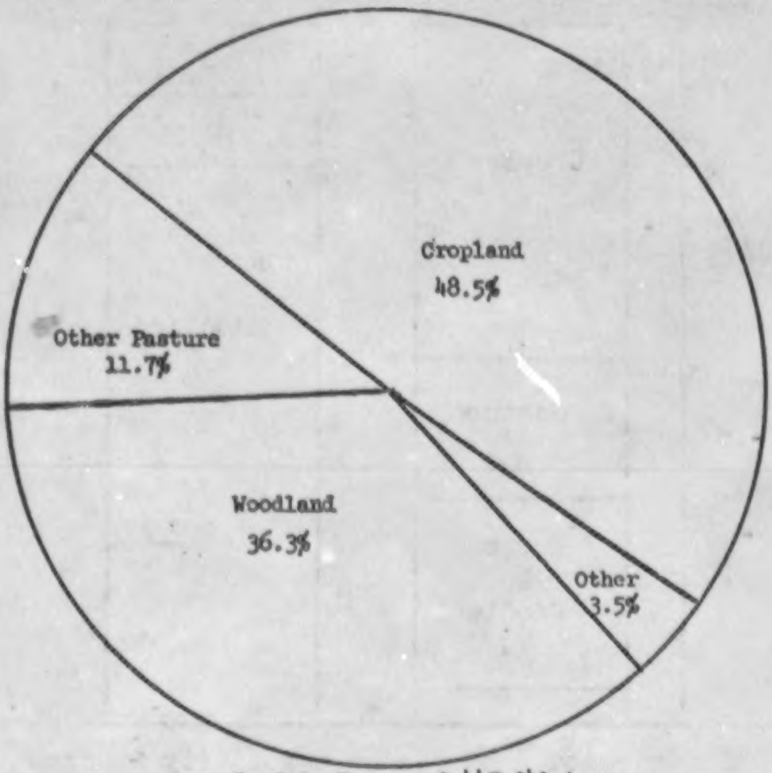


Inventoried Land Use by Capability Classes

FIGURE 3

LAND UTILIZATION IN 15 NORTH ALABAMA COUNTIES

1964 Agricultural Census

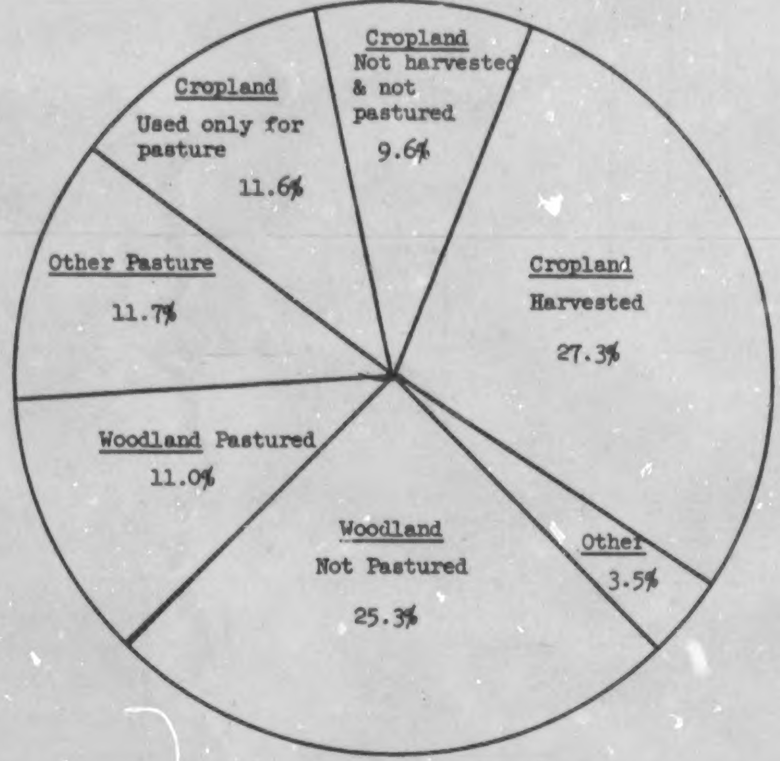


Land in Farms: 3,447,240 Acres

FIGURE 4

LAND UTILIZATION IN 15 NORTH ALABAMA COUNTIES

1964 Agricultural Census



Land in Farms: 3,447,240 Acres

FIGURE 5

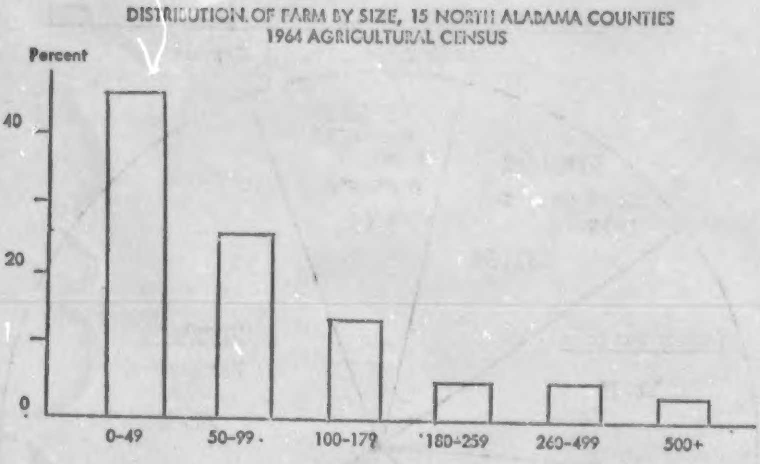


FIGURE 6

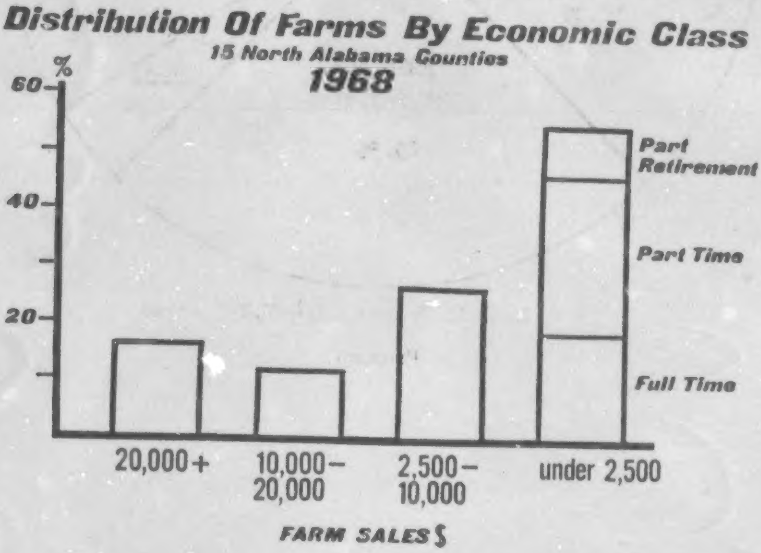
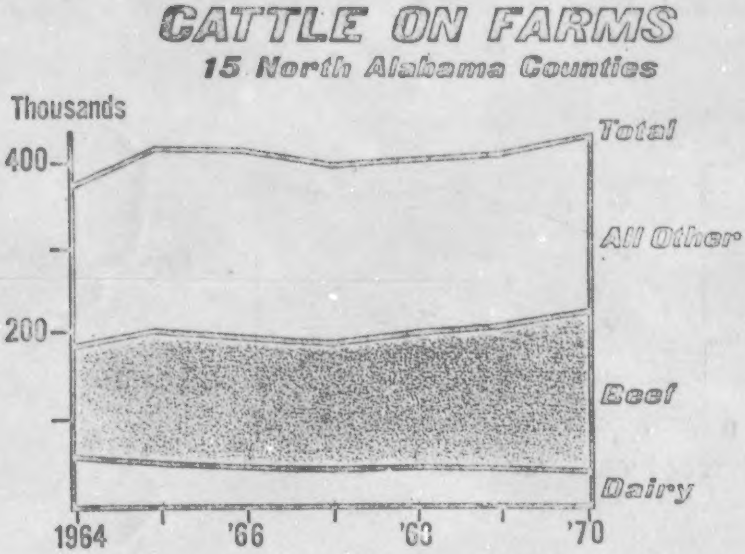
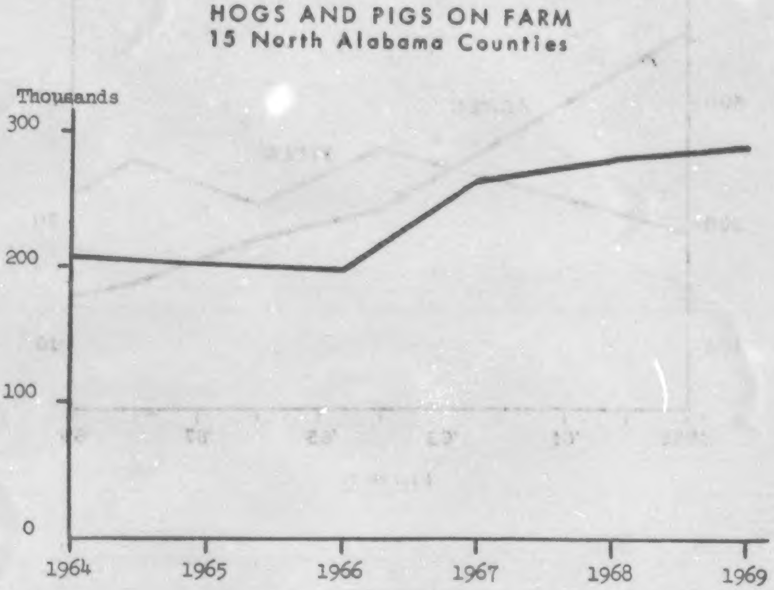


FIGURE 7



CATTLE ON FARMS
15 North Alabama Counties

FIGURE 8



HOGS AND PIGS ON FARM
15 North Alabama Counties

FIGURE 9

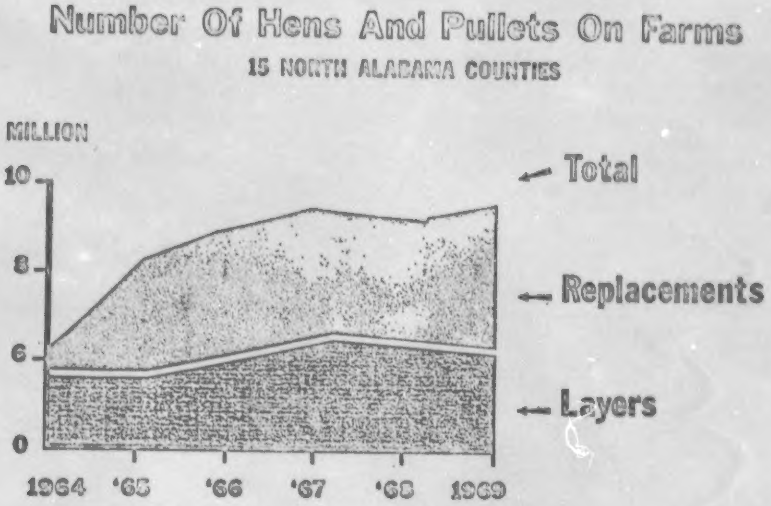


FIGURE 10

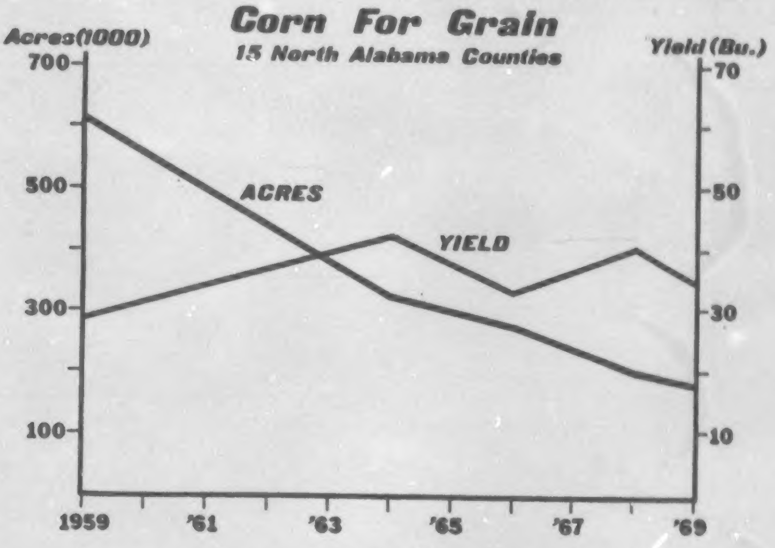
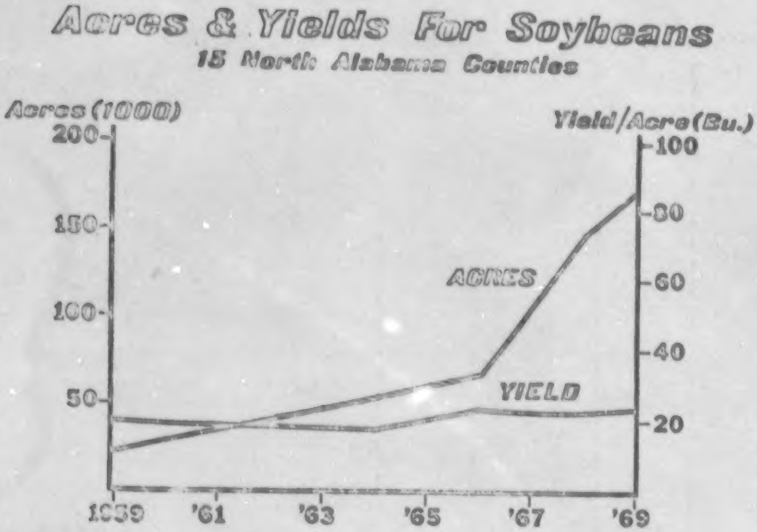


FIGURE 11



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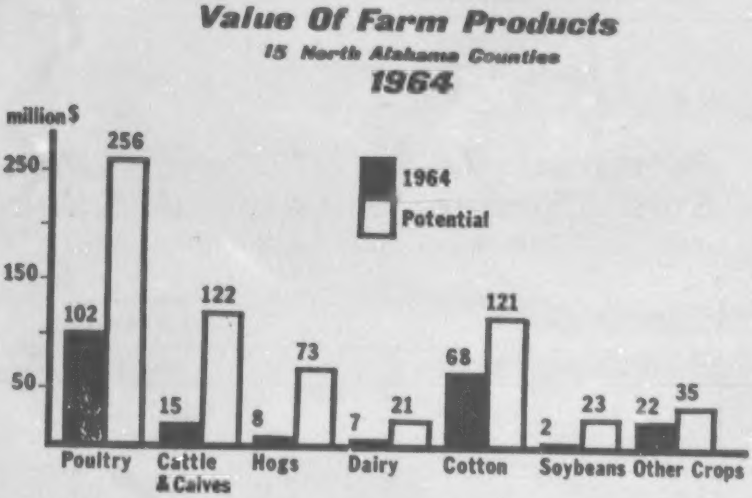


FIGURE 13

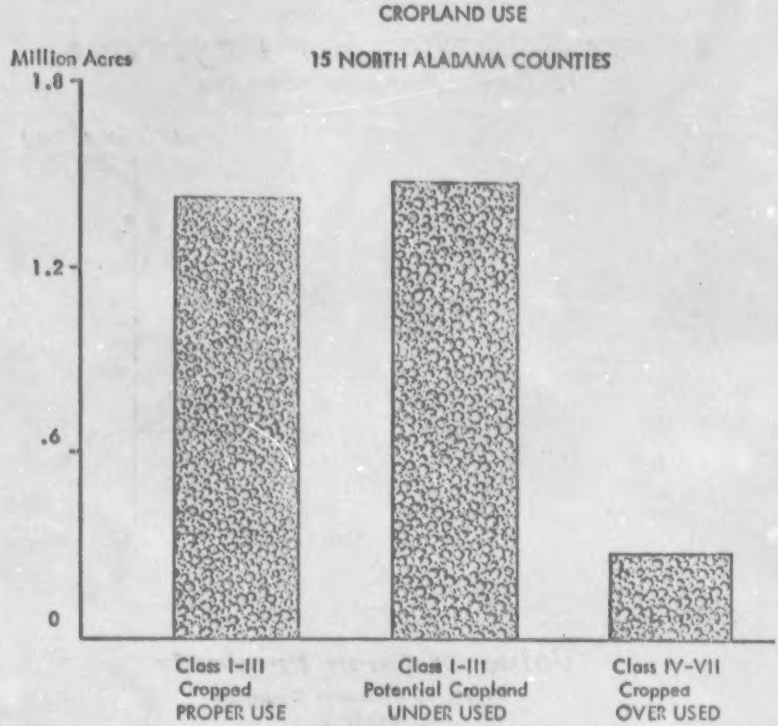


FIGURE 14

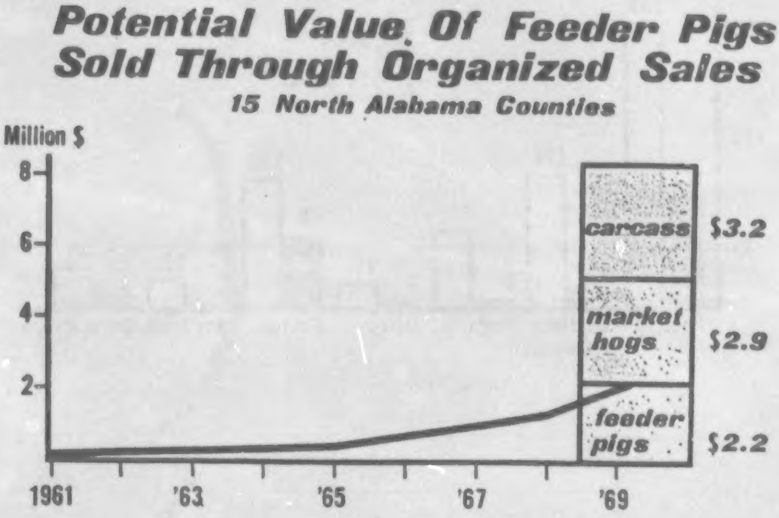


FIGURE 15

POTENTIAL ADDED VALUE FROM NORTH ALABAMA FEEDER PIGS

(Based on 112,000 Head)

Agribusiness	Units	Investment ($1,000)	Employment (No. Men)
Feeding Units (1,200 head per year)	93	$ 1,023	93
Feed Mill (80 tons per day)	2	723	14
Slaughter Plant (200 head per day)	2	292	21

FIGURE 16

$1 Million of Farms Sales Means

$3.8 Million Total Business

100 Farm Jobs

200 Non-Farm Jobs

FIGURE 17

Farm Sales Generate Other Business

Farm Sales Increases $1.00 +

Farm Dependent Business of $2.00 =

Total Agricultural Industry $3.00

+

Other Business Generated $.80 =

Total New Business Generated $3.80

FIGURE 18

AGRICULTURALLY DEPENDENT NON-FARM BUSINESS

15 TENNESSEE VALLEY COUNTIES OF ALABAMA

1967

772 FIRMS

18,000 EMPLOYEES

$416 MILLION BUSINESS VOLUME

$282 MILLION INVESTMENT

FIGURE 19

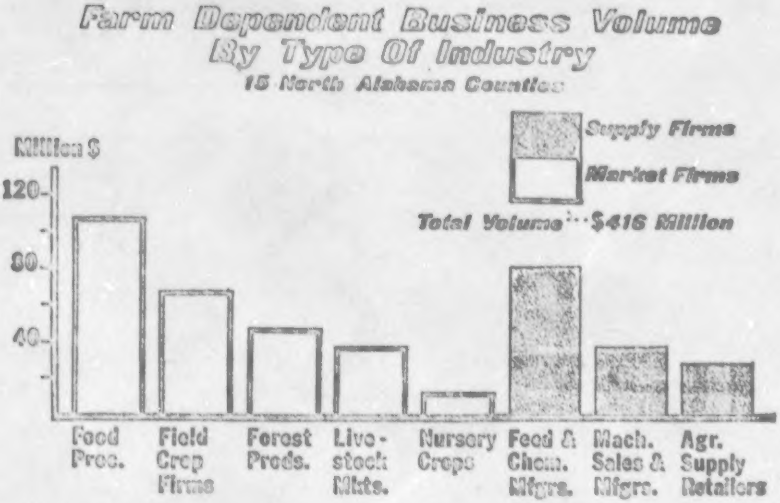


FIGURE 20

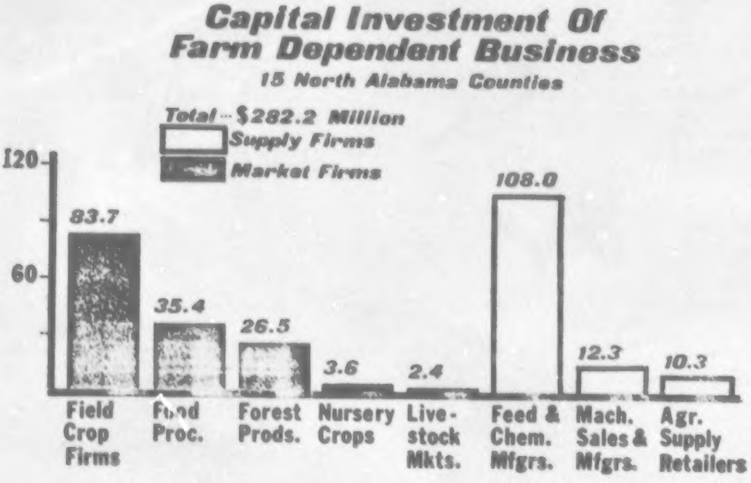


FIGURE 21

FARM DEPENDENT BUSINESS

15 NORTH ALABAMA COUNTIES

	1967	POTENTIAL	DIFFERENCE
FIRMS	772	?	?
EMPLOYEES	18,000	54,000	36,000
MILLION BUSINESS VOLUME	$416	1,260	844
MILLION INVESTMENT	$282	850	568

FIGURE 22

APPENDIX III—SUPPLEMENTAL MATERIAL

LAND RESOURCES

The 15-county north Alabama area has a great diversity in soils and land features. The area is represented by five Major Land Resource Areas (Physiographic Regions): Coastal Plain, Highland Rim, Limestone Valleys, Cumberland Plateau, and Sand Mountain (App. III Figure 1). Each of these major land areas can be characterized by its geologic features, soil productivity, land capability and use, and suitability for different kinds of commercial farm operations.

(1) *Coastal Plain*—Occurring along the western edge of north Alabama, this land resource area consists of highly dissected, generally rolling to steep land. The upland soils in this area are generally low in productivity, and most are developed from medium to coarse textured unconsolidated sediments overlying sandstone, shale, and limestone materials. Rock outcrops and shallow soils of sandstone, shale, or limestone origin frequently occur on the steeper ridge sideslopes. Most of the area is occupied by forests and woodland. The land presently used for agricultural crops occurs mainly on broad, level to rolling ridgetops and on the limited areas of bottomland soils, such as along Bear Creek. Because of its soil limitations, the Coastal Plain area of north Alabama is not used widely for cash row crops. Livestock prodection (beef, swine, dairy, and poultry enterprises) occupies most of the agricultural land in this area.

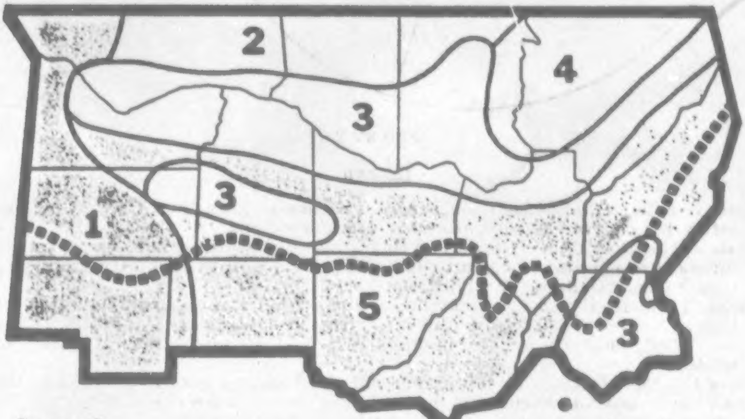
(2) *Highland Rim*—Commonly referred to as the "greylands," the Highland Rim region is a low plateau of generally rolling to steep topography in northern Lauderdale, Limestone and Madison Counties. The soils are generally stony and of rather low productivity, being formed from cherty limestone. With a high level of management, the more level and less stony of these soils can be successfully used for agricultural production. Row crops are grown on the broader, chert-free ridgetops and on narrow stream floodplains. A considerable acreage is also used for pasture; however, forests occupy most of the land in the Highland Rim area.

(3) *Limestone Valleys*—This land resource area occurs in three separate geographic locations in north Alabama (Tennessee River Valley, Moulton Valley, and Etowah County). The soils of this highly productive agricultural area are derived predominantly from easily weathered limestones and transported alluvial sediments, and occur mainly on level to rolling slopes. The relatively small proportion of land not suited for agricultural occurs on associated steep cherty ridges and in areas of shallow soils over clayey limestone such as common in the Moulton Valley of northeastern Franklin County. The Limestone Valleys (commonly called "redlands") are used extensively for production of cash row crops such as cotton, corn, and soybeans. Livestock enterprises, inluding beef, dairy, and swine, are also important to the agricultural economy of the Limestone Valleys region. This land resource area is well suited for large-sized farm operations because of its soil and slope characteristics.

(4) *Cumberland Plateau*—Occurring in northern Jackson and northeastern Madison Counties, this generally steep to mountainous area is occupied mostly by cutover deciduous forest. The soils are usually shallow, sandy, and of low fertility, and are derived from sandstone, shale, and siltstone. Except for a few areas of bottomland soils along minor streams, this land resource area is not important agriculturally.

(5) *Sand Mountain*—This relatively large area of north Alabama is geologically similar to the Cumberland Plateau region, but contains a higher proportion of agriculturally-suited soils. The soils are derived from level-bedded sandstones, shales, and siltstones, and are low in fertility, sandy, and respond well to good management. Topography ranges from level to steep, with a large acreage on relatively smooth slopes. The Sand Mountain area, particularly in the easternmost counties, is used extensively for corn, cotton, soybeans, and various horticultural crops. Poultry enterprises are also quite common in this land resource area. Much of the Sand Mountain region is occupied by deciduous forest, especially the predominantly steep westernmost area.

MAJOR LAND RESOURCE AREAS
15 North Alabama Counties



Legend
1-Coastal Plain
2-Highland Rim
3-Limestone Valleys
4-Cumberland Plateau
5-Sand Mountain

●●● Tennessee River Watershed Boundary

FIGURE 1

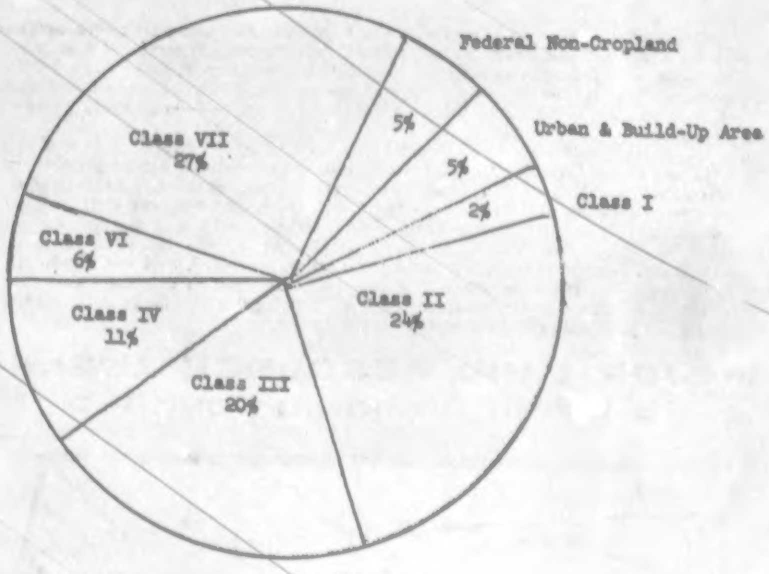


FIGURE 2

LEGEND

Class I: Soils in Class I have few or no limitations or hazards. They may be used safely for cultivated crops, pasture, range, woodland or wildlife.

Class II: Soils in Class II have few limitations or hazards. Simple conservation practices are needed when cultivated. They are suited to cultivated crops, pasture, range, woodland, or wildlife.

Class III: Soils in Class III have more limitations and hazards than those in Class II. They require more difficult or complex conservation practices when cultivated. They are suited to cultivated crops, pasture, range, woodland, or wildlife.

Class IV: Soils in Class IV have greater limitations and hazards than Class III. Still more difficult or complex measures are needed when cultivated. They are suited to cultivated crops, pasture, range, woodland, or wildlife.

Class VI: Soils in Class VI have severe limitations or hazards that make them generally unsuited for cultivation. They are suited largely to pasture, range, woodland, or wildlife.

Class VII: Soils in Class VII have very severe limitations or hazards that make them generally unsuited for cultivation. They are suited to grazing, woodland, or wildlife.

STATEMENT OF JOE SIR, CHAIRMAN, LOWER ELK COMMITTEE, ELK RIVER DEVELOPMENT ASSOCIATION, FAYETTE, TENN.

This is a statement in behalf of a national demonstration in total community and regional building; a national demonstration needed to come to grips with existing problems and at the same time to design living alterantives for the automated age of leisure fast approaching.

SUMMARY

Elk River Development Association, pioneer of TVA's Tributary Area Development program, is a citizen's organiaztion in eight middle Tennessee and two north Alabama counties. In industry, agriculture, roads, community improvement and water control, we have added materially to the well being of our region.

Now we are concerned with our relationship to (1) the nation's social problems, (2) the deterriorating environment, (3) plight of the large cities, (4) viability of small cities, and (5) dying rural communities.

We view these problems as a contimum. With our broad support we see an opportunity to make our region a *prototype* quality environment living area which would contribute to their solutions.

The Lower Elk—60 minutes south of Nashville and 20 minutes north of Huntsville, Alabama's Jet Airport—has some 400,000 acres of unique potential. Fertile, well forested, rich in minerals, abundantly watered and gently rolling, the region is laced with Interstate 65; US Highways 31, 64, and 72; and main and spur lines of Louisville and Nashville Railroad. For a century, people have moved away to find work, as agriculture sluffed them off. The land is stripped of people.

With Lower Elk geography, this excites developers; and we have but a few precious years to plan intelligent use of this land; to keep it beautiful as we infuse new economic life.

In creating places for people to work and to live happily near their work, we feel it is no longer necessary to despoil the land and people. To show this, TVA has helped us devise the *Lower Elk concept*, a program in three parts.

Part 1— New industry to increase income generating capacity of Athens, Alabama and Pulaski and Fayetteville, Tennessee; two new industrial centers; and better access to north Alabama jobs.

Part 2—Several small rural residential communities.

Part 3—Preservation of the open spaces. This is the cornerstone of the program, basic to maintaining the beauty of the region.

Pioneering is not new to us on Elk River. Again as we did 12 years ago when we coaxed TVA into their versatile Tributary Area Development Program, we bring a program to them, rather than they to us.

OUR REASONS

We are motivated by concerns which are both sectional and national.

We see farmers disappearing, rural communities dying and small cities struggling to bear the economic load agriculture once carried. At the same time, frightful prospects face the large cities. Under present trends they will become no-man's-lands of violence, with even peaceful sectors unfit for human life because of poisoned air and collapse of necessary services.

Whatever else may be wrong, our cities are too congested and becoming more so. We need new communities built to help all people live at peace with nature, with themselves, and with each other.

We can afford the new communities. This country has the first economy based on a growing abundance, even as our distribution failures produce many problems. Before the year 2000 ten percent of our labor force will be able to produce more than the nation can consume. This foretells an era of leisure with enough of everything to go around; everything except an environment where people can live in health and harmony.

Creating such an environment can be approached only on a regional basis. If we think in terms of new cities alone, we cannot save surrounding lands from the detrimental impact cities have, and we will miss the opportunity to assist people to happy, meaningful lives by helping them relate to the aesthetics of nature.

OUR PROPOSALS TO TVA

In October of 1969 we asked TVA to help us build on the Lower Elk a QUALITY ENVIRONMENT LIVING AREA with tensions of our cities engineered out, where a full range of social, economic and racial groups can work, live and play without despoiling the land or each other.

It would be a *prototype*, the first of its kind; since its people would make their homes adjacent to a resort environment, as well as work nearby.

Physical features:

Industrial water would be returned to streams clean enough to drink.

No gaseous poisons would be emitted into the atmosphere.

All industrial and residential waste would be collected and processed for reuse or to render it harmless.

Traffic would be compatible with a slower pace of living, with roads engineered to reduce speed and all but necessary motor vehicles eliminated from residential and recreational sectors.

Hard surface pavements with fast run-off would be kept to a minimum by use of porous paving material which would permit water to trickle down.

All lines, wires and pipes would go underground. To preclude defacing the land by frequent, costly excavation, they would be of a capacity and durability to last for 50 years.

Hot water and steam from TVA's atomic generating plant, nearing completion at Browns Ferry on the Tennessee River to the south, would be piped to adjacent sectors of the Lower Elk for heating and air conditioning, for irrigating and heating greenhouses and gardens, for treating sewage and for other uses to be devised.

Every structure would blend with the natural setting. In this connection, public transportation would eliminate part of the need for parking pavement. Even with space for dispersal, residential and business sprawl would not be permitted. Nor would industry, under the pretense of having room for expansion, be allowed to acquire more acreage than it would need.

A wildlife restoration and enhancement program would restore many species of animals, birds and fish now vanished from the land and streams. There should be elk, as when the Indians named the river "Chewalle," their name for Elk. And bison, plentiful in that day, should be brought back.

Industry:

To be economically viable, our *prototype* will require a new base of manufacturing, processing and distributing industry. With the advantages that will make our region most attractive, we would be selective. We would admit only industries which fill a regional or national need and they would be required to conform to every environmental safeguard.

Social features:

Expansion of the functions of the county governments so that they would be a prime force in planning, designing and operating the development.

Training centers for the unskilled or to teach new skills to area residents.

Involvement of area residents in new enterprises by offering technical assistance and loans.

In the field of health, most advanced diagnostic and treatment techniques available for all, with preventive medicine assigned priority.

Along with water oriented recreation, athletics and other outdoor sports, there would be quality facilities to develop the mind and nurture the spirit of man. Drama, music, art and crafts should be part of a recreation program geared to abundant leisure.

Public education should, in our *prototype*, become more than a laborious governmental function. It should induce a vital human relationship between teacher and student. First, education must help people develop as perceptive, happy, creative human beings and only next as technicians, engineers and scientists.

With machines and computors to perform many activities now considered work for people, study and creative play will be a form of human labor for the future. Consequently, education must engage both industry and recreation in lifelong learning processes for everyone.

TVA TAKES HOLD

The TVA Board of Directors listened. It made sense to them and they offered help.

For the next half year the Lower Elk Committee discussed the proposals with TVA staff at monthly seminars in Fayetteville. Between seminars we took the story to the people with meetings in their communities.

We learned that the people are concerned about the future of their communities, their nation and their planet. They want progress, but do not want destruction of the resource base to continue; not even in the name of progress. There must be better ways, they agreed, and they want to find them.

At the conclusion of the seminars, a five-month wait followed while TVA distilled our ideas into a concept.

Background

The Lower Elk region lies in Lincoln and Giles County in Tennessee and Limestone County, Alabama. It is a triangular area defined roughly by Elk River Embayment of Wheeler Lake on the Tennessee River on the south, Pulaski on the north and Fayetteville to the northeast.

Sugar Creek Dam, under study by TVA for Elk River just south of the Tennessee-Alabama line, would bring water transportation in two prongs to Fayetteville on the Elk mainstream and to Pulaski on Richland Creek, the Elk's principal tributary. 45,000-acre Sugar Creek Lake, with a 900-mile shoreline would be second in size only to Kentucky Lake in the TVA system.

We had suggested the lake as an ideal site for the *prototype* quality environment living area.

When TVA unveiled The Concept last December, however, the dam and lake were not included. Their position is that the project cannot be justified in the foreseeable future.

We accept this and embrace The Concept, nevertheless, as a logical expression of our prposals.

More about The Lower Elk Concept

Since employment opportunities will expand substantially under our program, the region's economy will be upgraded to support the new life alternatives, urban advantages in a rural setting on a regional pattern.

The Concept is expected to yield 17,000 additional jobs by the turn of the century compared with 5,600 otherwise.

TVA economists predict a 30 percent population gain in the seventies from our present 82,000 people in the three counties to 109,000 by 1980; this against a 10 percent gain to 91,000 people without the program.

From 1980 to 2000, we expect another 40 percent increase to 151,000 compared with 104,000 otherwise.

Against a nationwide trend toward magalopolis, population growth of the Tennessee Valley since 1960 has centered principally in cities under 50,000. We plan to improve on this beneficient trend by revitalizing cities of 2,000 to 15,000 and the rural communities.

Our growth will avoid the usual squander of land. Hardly 50,000 acres will be consumed by industrial and residential communities, leaving almost 90 percent of the land in open spaces for the people to enjoy. And yet, there will be a wide range of housing styles from apartments of several stories to rambling single family homes.

To carry out The Concept, urban services—schools, water systems, fire and police protection, sewers, and a complement of professional, and shopping facilities—must be available in the rural residential communities; which will probably have about 2,500 people each.

Additionally, water supply, waste collection and fire protection will have to to extended to the farms.

To connect industrial centers with rural communities and both with farms and forests, roads and public transportation will be designed that will not abuse the charm of nature in the open spaces.

SPECIFIC CONGRESSIONAL ACTION ALREADY PROPOSED

This statement so far principally follows our testimony in Washington last May 19 before the Subcommittee on Public Works of the Senate Appropriations Committee and the Subcommittee on Public Works of the House Appropriations Committee.

At that time we proposed the following specific action:

An additional appropriation to TVA of $2,700,000 for use in fiscal 1972 on The Lower Elk toward the national demonstration in total community and regional building described herein.

We propose the funds be allocated as follows:

$500,000 for pilot intensified farming programs to build economic incentive for keeping lands in farming.

$500,000 for research and development of biologically degradable herbicides and insecticides.

$500,000 to develop pilot projects in public recreational use of farm lands over a large region, under recreation and scenic easements; or other arrangements with a number of farmers.

$1,000,000 for comprehensive studies and preliminary designs of regional environmental safeguard systems, transportation, water supplies, waste handling and other public services necessary to the planned economic growth of the Lower Elk as a *prototype* quality enviornment living area.

$200,000 for new staff, their equipment and expenses, to work full time with us seeing farmers, landowners, citizens' groups and business; to explain the Lower Elk Concept and to carry it out.

We proposed further that TVA—at their discretion—be encouraged to transfer funds from one allocation to another, as long as the funds are used toward preserving the open spaces, in anticipation of the program.

People are moving back into the area. Random sprawl will take its toll if we do not get our program underway; hence the urgency for funds proposed, all of which bear on proper use of the open spaces.

MORE RURAL DEVELOPMENT DETAILS

While the concerns of your Subcommittee—vital as they are—may appear specialized, we see them entwined with every segment of our Lower Elk Concept and the national problems with which it will deal.

As we move from the talk stage to action, because of the open spaces, we find our program must start with the farmers.

These circumstances place us squarely on the doorstep of your Subcommittee with more details about the rural areas; and with hope that these—as well as the foregoing—will merit your endorsement and your support in The Congress.

In connection with placing a value on recreational and scenic use of farm lands, we may utilize precedent in the State of Virginia where cities and counties give tax relief on farm land, as incentive to farmers to keep it open. Tax postponement also may be a useful device.

Land use planning and information:

We intend to classify soil areas according to suitability for use as cropland, pastureland, forest, residential areas, recreational areas, industrial areas, and areas for community facilities and utilities. Land use planning should provide a basis for using land in ways that not only preserve the pastoral atmosphere but also improve the rural environment as a place to live. This will likely call for several small communities on the rolling land above and overlooking some of the beautiful farm lands, for residents to enjoy the dispersed living and country scenery.

We need to develop and make available information on how to best use the land; and teach our people so they can enhance the benefits of living together, in our quality environment.

Rural landscaping:

Our countryside has many environmental scars from building roads, eroding hills, unkept meeting grounds, abandoned farmsteads and other unsightly places. We need to develop methods of healing these man-made scars and making attractive the changes made by man as he uses the land.

Erosion from construction, roadbanks and recreation areas must be eliminated, as well as erosion from reservoir areas when water levels are low.

Rural waste recycling

As our region grows in population and income our present sizable waste load will increase. With people living in small clusters to enjoy the benefits of rural living, yet close enough together to justify public utilities, the problems will mount even faster.

Present methods of waste disposal used in big cities will not fit our needs. We will need new methods. One developed at Pennsylvania State University, uses sewage effluent on "living filter" crop land. This is reported to increase crop production with no pollution of area wells. We will study this method and others, trying to develop them into practical systems.

THE FAMILY FARM

Exodus of people from rural areas and their descent upon already crowded cities is one of the major causes of tension in our society today. While no one of compassion advocates a return to sharecropper conditions, the need for more family farms is evident, to alleviate pressure on the cities.

We on the Lower Elk must consider if there is not another reason for more family farmers. We need to determine if the family farm is better conservation-wise than the corporate farm or hobby farm. Will the family farmer take better care of nature's gifts, especially if he can pass them on to his children?

With TVA's help, Elk River Development Association's farm program has been aimed at the family farmer. Intensive fertilizing and improved management in 1967 through 1969 increased net income for Elk River farmers 61 percent over 1959–1961, as annual sales per farm grew from $2862 to $5500.

But this was not enough to keep all Elk River farmers in business. In the same period the number of family farms declined from 12,260 to under 10,000. To make family farms viable, will we need to eliminate federal favors to corporate and hobby farms, diverting to the family farmer funds which have gone into those favors?

Industrial jobs accessible to rural areas also are important to keeping small farmers in business. In 1964, 78 percent of the 6,623 farm families in the three Lower Elk counties had non-farm income in excess of $17 million. This means 5,165 Lower Elk farmers then had annual non-farm incomes averaging $3300.

But this was not enough. Along with more and better job opportunities off the farm and more government subsidy, many of our farmers may need to organize to obtain professional management and business services that one of them alone cannot afford.

NATIONAL DEMONSTRATION NEEDED

Private efforts toward building new communities—commendable as they are—cannot come to grips with the country's natural resource and human resource problems. The job is too immense. It is regional. It is national. Private business cannot even build new towns until federal investments pave the way with interstate highways, water, sewers, grants, loans or subsidies. Nor can state and local governments do the job.

The times demand a national demonstration in total community and regional building. The automated society coming on fast will grow in leisure and in its expectations even faster than in numbers. This requires that we protect our land, water, and atmosphere from further destructive exploitation.

And national tranquility, if not national survival, in the meantime summons full attention to human resources, abused and neglected for too many years.

Back through endless ages, a scarcity of the necessities and amenities of life has conditioned men to regard one another too often as producers and consumers rather than as human beings.

First among nations, our country has reached a level of productivity at which this is no longer necessary.

We on Elk River feel this country now must show a matching level of concern.

We have called on TVA to help us serve today's human needs, even as we enhance the resource base for coming generations.

TVA RESPONSIBILITY AND CREDENTIALS

This would be in line with their long-standing mission to demonstrate solutions to regional and national problems, and to innovate in the national interest.

TVA is the logical agency to coordinate development of the Lower Elk Concept; to bring in other federal agencies, state and local governments, business and individuals. They have the flexibility and capability.

TVA became a trailblazer on planned communities 38 years ago by building Norris, Tennessee at the site of the dam construction village. Norris is as attractive and livable today as when first built.

Norris Freeway, built in 1933 to connect Knoxville with the Dam and then the town, is one of the earliest controlled access roads and among the first to loop around the town it was built to serve. Signs do not mar the freeway's green and business has kept to access points. With the loop, controlled access has protected Norris from strip development outside the town.

The town and freeway show—on the part of TVA 38 years ago—a prophetic awareness of present urban problems.

After building Norris, TVA left the planned communities field not to return until recent years.

We advocate a blend of their planned communities interest with their traditional regional environment concern.

While they cooperate with us, this does not assure long-term commitment, as we have not prevailed on TVA to take note of the Concept specifically in their budget requests.

DEMONSTRATION A PARTNERSHIP

The national demonstration in total community building must involve states, local governments, private business and individuals. With our location in two states and three counties we have put together such a partnership.

Agencies of both states, set up for the singular purpose of helping Elk River Development Association, support the Lower Elk Concept. Our county and city governments give us unanimous support. And business and individuals are enthusiastic in our behalf.

We have involved a qualified agency of the federal government. Whatever their commitment or lack of commitment, we are confident they respect our capability.

With full TVA commitment, we feel we can bring the demonstration off in this acreage of approximately county size.

The *prototype* on the Lower Elk can be modeled after, with variations, time and time again throughout the country.

If we do not succeed in building the *prototype* on the Lower Elk, others somewhere in the United States will have to do it soon.

(The maps attached to Mr. Sir's statement are on file with the subcommittee; the other attachments are as follows:)

LOWER ELK RIVER AREA—AN OPTIMUM LIVING ENVIRONMENT—YEAR 2000

Objectives:

- Economic growth—industrial.
- Housing for full range of social, economic, and racial groups.
- Provide for a range of choices in living conditions:
  - Upgrade existing urban centers.
  - Develop new urban centers.
  - Develop new rural neighborhood communities.
- Maintain natural beauty.

3 COUNTY ELK RIVER AREA

DEVELOPMENT TRENDS AND PROSPECTS

	Employment growth		Population growth		Totals					
					Employment			Population		
	1960-80	1980-2000	1960-80	1980-2000	1960	1980	2000	1960	1980	2000
Projected growth without proposed Lower Elk River development	7,500	5,600	8,300	13,000	28,490	36,000	41,600	82,752	91,000	104,000
Projected growth with proposed Lower Elk River development	15,200	17,000	26,200	42,500	....	43,700	60,700	....	109,000	151,500
Difference	7,700	11,400	17,900	29,500	....	7,700	19,100	....	18,000	47,500

STATEMENT OF ROBERT B. HOWARD, EXECUTIVE DIRECTOR, ALABAMA MOUNTAIN LAKES ASSOCIATION, DECATUR, ALA.

The northern-most section of Alabama has been well endowed with many and varied natural scenic attractions as well as an abundance of wild game almost since the beginning of time.

Evidence found in the Russell Cave National Monument in Jackson County proved that as early as 7000 B.C., man found this region productive and a good place to live. By the time of the birth of Christ, Indian villages were more numerous on the banks of the Tennessee River than cities and towns are today.

Drawing from that scientific fact, it is safe to state that living, working and playing in this region is more of a way of life than something that is inplanted.

Even prior to the advent of TVA and its system of dams, this region of Alabama was recognized as an excellent recreational area. Early accounts of activities in the Tennessee River Valley stated that community picnics, fishing con[illegible] canoe races, swim meets, and even horse races, were normal weekend events. The people of northern Alabama have always been proud of their recreational facilities.

When the Dams were completed on the Tennessee and water began to back up—forming Lake Guntersville, Wheeler Lake, Wilson Lake and Pickwick Lake in Alabama—more organized forms of recreational facilities began to dot the landscape. Five of the thirteen major state parks were located in this region, as were nine of the 23 areas managed by the State for public hunting. Private and state-owned boat harbors appeared in nearly every slough along the river, and fishing became the regional past-time. Farmer, industrialists, merchants and housewives all began to realize the potential that northern Alabama had in recreation. In what seemed to be an overnight process, privately owned attractions sprang up across the 12,000 square mile region close to the Tennessee River.

In 1962, businessmen from north Alabama originated a plan to draw all these attractions together to promote as a group rather than many different parts. This meeting resulted in the formation of the Alabama Mountain Lakes Association of which the 15 counties surrounding the Tennessee River are members. From the outset, AMLA was charged with overall promotion and furthering development of the region's scenic, historical and recreational attractions. It was the first regional organization of its kind in the Southeast. The Membership includes the various Chambers of Commerce, counties, cities, industries and businesses. The Alabama Mountain Lakes Association is, in fact, a composite of people working together for community and regional recreational development and promotion. It is a non-profit-making, promotional and advertising organization doing those things that no single community, business or individual can do alone.

Through unified efforts, the region, now referred to as the "Region of Rustic Luxury," promotes such recreational facilities and attractions as the world's largest missile and space exhibit, the National Shrine of Helen Keller at her childhood home, the W. C. Handy Museum at his childhood home, Russell Cave National Monument, the Ave Maria Grotto, four of the most unique caverns in the United States, and Point Mallard with its now famous "wave-making swimming pool" that was the first facility of its type in the nation. These are but a few of the recreational facilities that make the Mountain Lakes Region of Alabama a better place to live, work and play.

The enclosed FAMILY RECREATION GUIDE fully displays the Mountain Lakes story.

(The guide is on file with the subcommittee.)

Coosa-Elmore Community Action Committee,
Wetumpka, Ala., July 1, 1971.

Hon. Hubert H. Humphrey,
U.S. Senator, U.S. Senate Building,
Washington, D.C.

Dear Senator Humphrey: I remember you as a man of ideas and action! Perhaps you remember me as a tall, country gal from Alabama, who was a novice in politics in 1956. You and I made several publicity appearances with Governor "Happy" Chandler and Governor Williams at the Democratic Convention in Chicago. You were thoughtful enough to remember to mail me material you used in your campaign for me to use when I ran for the Alabama legislature.

Of course, a lot of water has run under the dam since then—for both of us.

I am now the Executive Director for two central Alabama rural counties, Community Action Program.—Coosa and Elmore.

I saw in the paper that your committee was to visit Alabama to check rural needs on July 8th.

Coosa and Elmore Counties are really "God's Country" and need to answer the problems of poverty that has enslaved them for years.

I am enclosing material about a collaborative feasibility study that has just been completed.

The material includes the purpose, methodology, the findings, and the evaluation of the study.

I feel sure this material will interest you, Senator Humphrey. Please take special note of the implications on page 14.

All the agencies involved feel that Coosa-Elmore Commuunity Action should plan a demonstration program for 300 persons using the information as a guide and the other agencies for support.

We need your guidance for finding where we may obtain funding.

And I personally would appreciate your comments and opinion on the study.

Hope we can see you and your committee members while you are in Alabama.

Sincerely,

ELIZABETH T. EDWARDS,
Mrs. Winston A. Edwards,
Executive Director.

(The study is as follows:)

The R.R. & T. Center was interested in expanding its client services so that it might more readily lend its efforts toward Regionalization of Services and promote coordination of human services both at the state level and the local level.

As a result, representatives of the R.R. & T. Center met with the administrative staff of the Central Alabama Rehabilitation Center (CARC) and the Executive Director of the Coosa Elmore Community Action Agency (OEO), CARC is one of 17 Vocational Rehabilitation out-patient facilities in Alabama.

It was decided to conduct a feasibility study involving 30 persons from Coosa and Elmore counties who *did not* qualify for Vocational Rehabilitation Services, but were from a group defined as "Culturally or Economically Deprived." These persons would receive a two-week evaluation to include a physical examination and selected "indicator tests" which might provide some indication as to the human service problems that existed within that household.

Evaluation would further include:

- A Family Social Background
- An Individual Work History
- A General Measure of Attitude and Motivation
- Specific Work Evaluation
- Psychometric Testing to include:
  - The Minnesota Rate of Manipulation
  - The Crawford Small Parts Test
  - The Dvorine Isochromatic Color Plate Test
- Occupational Therapy Screening
- Physical Therapy Screening
- Phychological Testing to include:
  - Wide Range Achievement Test (Arithmetic)
  - Wechsler Adult Intelligence Scale
  - Bender Motor Gestalt Test
  - Gates MacGinetie Vocabulary and Comprehension Test

OEO would provide the outreach service, locate the individuals and provide transportation to the CARC in Montgomery for the two-week period, on a daily basis (i.e., non-domiciliary). CARC would provide the necessary testing procedures and perform a case history write-up on its findings.

Total cost of the feasibility study would not exceed $6,700.

The goals and objectives of the feasibility study were:

GOALS AND OBJECTIVES

1. The Central Alabama Rehabilitation Center would try to determine the type of testing considered most appropriate to apply the techniques currently utilized in the vocational evaluation of persons disadvantaged by mental and physical impairment, to those disadvantaged by cultural or economic deprivation.

2. To identify the life needs of the population under study.

3. It was hoped that some insight might be gained so that we may learn what motivates this target population to participate in/or not participate.

4. We would attempt to determine whether that group, tentatively identified as culturally or economically disadvantaged, was in fact, part of the group that also had a physical or mental disability.

5. While the feasibility study was not designed as a training vehicle for the OEO outreach workers, it was felt they would gain some advantage by being exposed to this experience.

6. We hoped to determine whether such a community service delivery system was appropriate, effective and what problems would be encountered by replicating such a system on a more regionalized basis

7. All parties concerned were very interested in determining whether the expansion of the eligibility criteria to the culturally and economically disadvantaged, would make further demands on staff and facility, beyond their present capacity.

8. We hoped to determine if the services offered by this study, had any impact on the target population in terms of employability.

The geographic area for the study to be conducted in, was determined for the following reasons:

AREA SELECTION

1. The Central Alabama Rehabilitation Center currently services (in part) the residents of the Coosa and Elmore counties on a referral basis: i.e., those identified as having a mental or a physical disability.

2. The total population of Coosa and Elmore counties is estimated at 44,197 residents, of which 83.7% are rural.

3. 73% of the residents of these counties earn less than $3,000 per year.

4. 5.6% of the male population are unemployed and 5.3% of the female population are unemployed.

5. The Selective Service headquarters reports that of 160 persons between the ages of 18 and 25 examined in 1970, 79 were rejected. This represents 49.3% rejection rate.

6. The 1970 census indicates that of the 16,033 housing units available, 33% are substandard.

7. The total population is composed of approximately 60% white residents and 40% non-white.

8. Coosa and Elmore counties have an active and energetic OEO program. Their staff includes several outreach workers who are in need of specific training but are capable of performing the outreach function. This fact reduces the requirement for additional personnel during the time of the feasibility study and provides a community focal point with which all study activities can be coordinated.

Eligibility criteria:

ELIGIBILITY

1. All persons selected must meet the economic criteria described by the upper limits of annual income as follows:

Family size	Nonfarm (per year)	Farm (per year)
2	$2,500	$2,000
3	3,100	2,500
4	3,800	3,200
5	4,400	3,700
6	5,000	4,200
7	5,600	4,700

2. All selected persons must be *unemployed.*

3. Selectees must indicate a willingness to participate and also agree to a follow-up survey at two, four, and six months intervals at the completion of the two-weeks evaluation period.

Disposition of each case in terms of employability would be determined by CARC departmental staff as follows:

DISPOSITION

1. Feasible for immediate employment.
2. Not feasible for immediate employment
3. Feasible for employment with appropriate adjustment services
4. Feasible for employment with training

These are examples of the depth of testing on each patient: Pass out history.

It was felt that this study would uncover many individual problems but offer no solutions, so a local intervention committee was formed. Its function and composition is as follows:

INTERVENTION COMMITTEE

1. A committee of local service agencies which address themselves to specific family problems as identified by the study

2. Composed of local:
   - (a) Pensions and Security Officers
   - (b) Employment Service Officials
   - (c) Vocational Rehabilitation Counselors
   - (d) Health officials and
   - (e) OEO staff (Advocacy Role)

3. This committee meets on a regular and frequent basis as necessary.

4. Take action as authorized, under each agencies legislative intent and recommend appropriate action for problem resolution.

To date the raw information received from the study indicates the following:

1. 30 patients participated, 2 did not complete. Very little absenteeism was experienced.

2. 17 Welfare Recipients (56.7%) 2 White, 15 Non-White.

3. Ages ranged from 16 through 43.

4. 20% white and 80% non-white participation.

5. Marital Status.
   - 8 Married.
   - 13 Single.
   - 4 Separated.
   - 4 Divorced.
   - 1 Widowed

6. Status in family unit.
   - 10 Heads of Household with 41 children total.
   - 20 Non-heads with a total of 30 children.

7. Mean estimate IQ was 66.17 or between Mentally defective/mild retardation and borderline defective/retarded. This includes 3 patients with a 100 IQ at the highest level and 5 patients with a 49 or less IQ at the lowest level.

8. Educational Level—Recipients claimed a mean education of grade level 8.8; but functionally tested at a mean of grade level 4.3.

PSYCHOMETRIC TESTING INDICATED

Minnesota Rate of Manipulation:
   Placing—30.79 percentile/mean 50 percent.
   Turning—24.61 percentile/mean 50 percent.
Crawford Small Parts Tests:
   Pins—30.93 percentile/mean 50 percent.
   Screws—32.81 percentile/mean 50 percent.
Gates MacGinitie:
   Vocabulary—Grade level 5.09.
   Comprehension—Grade level 4.59.
      Wide Range Arithmetic Achievement at the lowest level—Grade level 41.4.

The Bender Motor Gesthalt test indicates 14 patients have disturbed visual perception or defective motor coordination.

MEDICAL INDICATIONS

10 Reported cases of obesity.
11 Cases with multiple dental caries.
1 Fibroid tumor.
6 Cases of hypertension.
5 Cases of pyuria.
1 Case of chronic lung disease.
1 Case of hirsutism.

A cursory analysis of the actions of the intervention committee indicate that of 30 participants:

1. Ten persons were accepted as eligible by vocational rehabilitation for further training.

2. Two persons referred for medical treatment (surgery) through pensions and security.

3. Six persons had no action taken.

4. Ten persons are employed.

Regarding employability status, it was found that:

Nine patients were feasible for immediate employment.

Four patients were not feasible for immediate employment.

Eight patients were feasible for employment with appropriate adjustment services.

Three patients were feasible for employment with training.

Six patients were feasible for employment with appropriate adjustment services and training.

One did not complete.

Possible implications of the study seem to indicate:

1. There might be an expanded role for the social worker which might assist in separating services from payments.

2. A demonstration to saturate a complete county or state might be considered appropriate.

3. A specific role for a local intervention committee composed of existing agencies with positive emphasis on local coordination of services, backed by state counterparts, is definitely worthy of further exploration.

4. Some adaptability of the concept to the forthcoming FAP might be indicated.

5. A relatively inexpensive method of replication of the delivery concept in other areas is suggested.

STATEMENT OF JIMMY BROWN, DIRECTOR, DECATUR PARKS AND RECREATION, AND JAMES C. JOHNSON, DIRECTOR, PUBLIC RELATIONS AND ADVERTISING, POINT MALLARD PARK, DECATUR, ALA.

The city of Decatur—the 1970 census showing a population of 38,000—has in a little over three years, constructed and put into use almost $2 million worth of municipal recreation facilities. As impressive as it is, these foresighted people went on to take a greater challenge by developing a $5.5 million regional recreation facility, Point Mallard, located on 790 acres of land east of the city.

Prior to 1967, the city of Decatur had to neglect its parks and recreation program because of other pressing needs. But, in 1967, the citizens of Decatur proved themselves at the polls by passing a $1.5 million bond issue for parks and recreation. The city could no longer afford to defer the establishment of a year-round recreational program.

Under an ambitious program termed "Operation New Decatur," the city began a building program, unmatched by other cities its size, to provide a full year-round recreational program for all its people. This building program, carefully guided by a master plan for recreation, was drawn up by a professional recreation firm and spelled out in detail the utilization of existing resources and different plans for the future needs and developments.

To insure the success of the program and to carry out the master plan, the city employed a full-time Parks and Recreation director. The immediate goal for the director was to develop three new recreation centers, acquire future park sites and make improvements to existing facilities.

Carrie Matthews Center [$200,000]

The first center, completed in February, 1969, was the Carrie Matthews Recreation Center. This facility has three full-time employees who help provide a variety of year-round activities for all ages in the northwestern section of the city.

The center covers approximately 13,000 square feet. It is completely air-conditioned and includes a gym, meeting rooms, game rooms, an arts and crafts room, locker rooms, a kitchen, offices and lobby.

Aquadome Center [$750,000]

The Aquadome Recreation Center was completed in April, 1969. Because it is centrally located, it serves thousands of Decatur-area residents with many varied programs.

The most dynamic feature of the Aquadome is the 100-foot in diameter transparent dome, which encloses a 75' x 45' pool. The all-season facility provides year-round swimming recreational enjoyment, plus enabling a complete aquatic training program for area residents. It also features a fully-equipped gym; game rooms, a snack bar, outdoor ball fields and tennis courts.

T. C. Almon Center **[$485,000]**

Located on forty acres within the Point Mallard Complex, the T. C. Almon Recreation Center accommodates the southeastern section of the city. Its features include handball courts, an outdoor play area, and regulation, lighted ball fields for local league play as well as state, regional and national tournaments.

Another purpose for this center is to provide supervised recreational programs for out-of-town visitors to the Point Mallard Complex.

Point Mallard Complex [$5.5 million]

Point Mallard, deriving its name from the point of land where Flint Creek flows into the Tennessee River and the mallard ducks that make this their winter home, is bordered by 35,000 acres of federal wildlife refuge. It is planned to be a self-supporting, non-profit, regional recreation complex. With its completion, Point Mallard will be capable of producing its own revenue for maintenance and future developments.

The first phase of the recreational facilities is now completed and in its first full season of operation. This $2.8 million enterprise includes the Aquatic Complex and Championship Gold Course.

The Aquatic Complex is designed to provide the general public with a complete range of swimming activity, regardless of age or proficiency. The most exciting feature is the nationally-unique wave pool. This pool is 180 feet long and produces three to four-foot high waves through the air compression technique. The depth ranges from 8 feet to one inch at the fan-shaped beach entrance. Situated in the center of the Complex is a sand beach and swimming area, 3600 feet wide and complete with playground equipment and picnic area. The T-shaped olympic pool adds the ultimate of professionalism in the diving and swimming sport. The pool is regulation olympic size—50 meters—with an adjoining 16-foot diving well, and features the only 10-meter diving tower in the state along with its one- and three-meter diving boards.

The $1.5 million facility provides complete bath house, concessions and support facilities to cater to the needs of the visiting families for an enjoyable all-day outing.

The 18-hole Championship Golf Course, opened to the public in November, 1970, is developing to soon become one of the most outstanding golf courses in the South. The 7143-yard course is laced into 200 acres of natural woodland, which enabled the architect to produce a mature course in the minimum length of time normally required. This $1.5 million operation includes a clubhouse, paved roads, and overall development.

With the completion of the first phase, Point Mallard looks ahead to additional projects to be in operation by the 1972 season. These projects are as follows: six championship tennis courts, a 200-pad campground and a full-service marina.

A future resort motel-restaurant complex will be developed overlooking the river with additional views to the golf course, tennis courts and the marina.

With the average age of the American people growing younger each year and more time becoming available for leisure activities, the overall development of city facilities is designed to provide individual and family activity, and to appeal to the complete range of varied interests in recreation. According to reports from local industries, it has become evident that in the past two years, industry has been able to entice technical personnel to relocate in Decatur because of the recreational facilities available for them and their families to enjoy.

To date, the area residents are enjoying over $5.5 million of facilities completed and in operation. This is possible because of the foresight of its people, an outstanding economic growth and the unified cooperation of city leaders and government agencies. Decatur, today and tomorrow, offers its people . . . Recreation unlimited.

STATEMENT OF KENNETH HAMMOND AND A. J. McCRARY, FYFFE, ALA.

1. Unfortunately most witnesses appearing before the various committees of Congress on current problems speak on Utopian goals and objectives without coming to grips with solutions.

Therefore, two specific solutions are offered and recommended:

2. That a regional commission of say 25 members be established to study and report to the President of the United States within a period of three years on the following:

(A) To investigate and inventory the potential of the natural resources of the Southeast. To recommend what is required and whom will finance the great potential of the natural resources of the Southeast region.

The following commentary covers the great "sleeping giant" of the Southeast, particularly as it applies to the great State of Alabama:

(2A–1) Alabama has the most miles of rivers within its borders (2500 miles or more) than any of the other 49 States and much of it is flowing to the Gulf of Mexico unused.

(2A–2) To put the Alabama water resources to its best use, a regional Southeast commission should be established since our state has over 2500 miles of rivers and can export water to the sister states that are now experiencing shortages of water; for example—As to Florida, Alabama could very well supply enough water during the winter season to maintain the necessary water level required for the Everglades National Park (by a conduit through the Gulf of Mexico to Fort Myers or below—by gravity rather than by pumping).

(2A–3) By making water available for irrigation, industrial, municipal, recreation, navigation, and other purposes to this region. B. To develop the mineral resources (other than oil, gas and coal) which are found to be in abundance.

(2B–1) To recommend how these minerals can be developed, either by private enterprise or by or through federal assistance.

3. At the present, the Alabama State Legislature is considering legislation to underwrite the promotion of pilot irrigation projects, since statistics prove that Alabama (and its sister states) experience severe drought conditions during the crop growing season can even though the state does receive around 50 inches of annual rain fall.

At this legislative session a bill has been introduced which will authorize the state of Alabama to underwrite the public bonds to be sold to finance pilot projects within this state and will pay all of the interest thereon for a period of not less than six years (development period) and that the repayment of the project costs and interest will begin thereafter for a period of not less than 20 years.

I heartily endorse this legislation. It will mean real agricultural progress in the Southeast and will assure food for the table to the United States for within the next 30 years food for the table will be critical. At present I'm told much of our table produce is now coming from Mexico.

I therefore recommend that the Congress pass legislation to underwrite 90% of the costs and guarantee of these pilot projects which will in a way be compatible with the provisions of the Reclamation Act of 1902, as amended, as applied to the 17 Western reclamation states.

The 31 Eastern states are entitled to the same benefits of the Reclamation Act, providing, of course, that drought conditions can be shown during the crop growing season resulting in depressed income to the farmer and the rural community.

I can assure you such a program as outlined above will cause a migration to the South and curb the current migration from the South. We are sure this pilot irrigation program will provide a real opportunity for our rural youth on the farm and the rural towns which will be immeasurably affected thereby.

THE DECATUR STORY

(Speech by Barrett C. Shelton, Editor, Decatur (Ga.) Daily, Sept. 5, 1949 to the United Nations Scientific Conference on the Conservation and Utilization of Resources.)

Ladies and Gentlemen of the United Nations Conference:

I am privileged to tell you the story of Decatur, Alabama, a town that has come from "nothin' to something" in 15 years of a working partnership between the Tennessee Valley Authority and the people of my town.

It has happended to us, it can happen to you, if you have the courage, the intelligent determination and make the most of your opportunities. For TVA is not a magic wand. TVA would be helpless to activate community progress without the brains and the energies of a free people.

In the beginning I opposed TVA. I didn't know what it intended. I knew I wanted no government control of my life, nor over the lives of my people.

Throughout much of our lives the progressive citizens of Decatur had tried to better conditions. And it appeared that no matter in what direction they turned, the result was far from producing lasting good.

Then 1933. Economic depression settled down on the United States, more pronounced if possible in the Tennessee Valley and in Decatur.

The one major industry we had, which had kept 2,000 men at work, closed. This railroad shop gave way to the truck and the bus and economic conditions. Decatur lost this industry completely. Another industry which in earlier years we had brought from New England with considerable subsidy in money, went bankrupt. A third industry, manufacturer of full-fashioned hosiery, went to the wall from poor management and bad times. Seven of eight banks in our county closed.

Our farm situation. We had only one crop in the Decatur area—cotton—and cotton was five cents a pound. Lands were selling for taxes, the people were ill-housed, ill-clothed and out of hope.

So you can see that we were not interested in saving a dollar or so on our power bill. That would solve little or nothing. We needed jobs and opportunities for our people.

Into this dismal, perplexed economic setting one late midwinter afternoon came David Lilienthal, then a member of the board of directors of the Tennessee Valley Authority. Four of our citizens who had long been hopeful of improving conditions generally met him in conference. We were almost frankly hostile, for he represented to us another way of thought and another way of life. And our conversation might be summarized in this fashion, "All right, you're here, you were not invited, but you're here. You are in command, now what are you going to do?"

Dave leaned his chair back against the wall and the twinkle of a smile came into his eyes, as he said gently and firmly, "I'm not going to do anything. You're going to do it."

He went on to tell us something we never knew before. He went on to say that TVA would provide the tools of opportunity—flood control, malaria control, navigation on the river, low cost power, test-demonstration farming to show how our soils could be returned to fertility, a fertility lost through land erosion, another wayward child of one-crop system. He told us the river would no longer defeat man, but would become the servant of man. "What you do with these tools," he said, "is up to you."

Dave Lillienthal has passed the task right back to us, right back to local control. He let us know that simple economics could be applied in the Tennessee Valley and that the faith, determination and sweat of the people would bring about the result we had eagerly sought for so many years.

Later, Dr. Harcourt Morgan, another member of the TVA board of directors, came to us and talked to us about lime and phosphate and legumes, and the relationship of people and land. He did not speak of great industry. Rather did he speak of the need for farm markets and farm processing plants and of increasing the value of our farm products through manufacturing process. He opposed the tearing down of other sections of the United States by seeking their industry with subsidy, the promise of cheap electricity and poorly paid labor. He told our people the simple story of making the most of what we had, of developing our own natural resources, of putting to work the little capital that we owned, of growing our own industry based upon the resources of the land.

What was this? Dave Lilienthal and Dr. Harcourt Morgan had promised us nothing beyond the tools which were to come from the waters of the Tennessee River and the land-building and health-building practices which were included in TVA at the direction of a wise Congress when this independent corporation of the government was created in the nation's darkest economic hour.

We decided then and there that the economic system we had followed had to be improved upon, and to improve it we had to pioneer an entirely new plan of economics.

Our townspeople needed jobs, our farm people needed month-by-month payrolls, rather than a once-a-year income secured from the harvesting on one crop.

The old order, the old way of doing things had to change, or our people would never have the opportunities to which their efforts entitled them.

First, we had to adopt this new thought given to us by the two members of the TVA board. We had to quit thinking of reaching into other sections of the U.S. and subsidizing industry to come into our section. Second, we had to begin in a small way to build toward a diversified agriculture and a diversified industry. We could never again, if our people were to survive, allow ourselves to be dependent upon a one-industry and a one-crop system.

Our first step was to form our own Chamber of Commerce, formed at a time when most people didn't believe it could be done. There was very little money. So, with considerable struggle, we got together some cash and more pledges amounting to $3,000 for the budget the first year. A man who lost all he had in the crash of one of the industries we had brought to Decatur with subsidy, became the first secretary at a salary of $100 a month.

We then decided we were going to develop a cash market every day in the year for every farm product grown in the Decatur area. We were going to welcome industry, but not wait for it. We were going to develop our own farm processing plants.

We decided a packing plant would be the first venture and persuaded the local ice company to put in packing plant facilities when there wasn't as much as one wagon load of hogs in our whole county. We are now producing our own livestock to meet the demands of this market.

We then turned to milk, formed a little corporation with paid-in capital of $15,000 telling every stockholder to forget his investment, that he would never receive any return from his money anyway. What we were trying to do was establish a payroll every two weeks for the farm families of our section. The first day that plant went into operation there was a total supply of 1,800 pounds of milk. Today the production of milk pouring into this one plant peaks at 60,000 pounds and we have just started in this agricultural industry. What happened to the stockholders? Well, they never failed to receive 6 per cent annually on their money and about two months ago that little plant paid stockholders a 100 per cent dividend.

Along about that time we got some help from the outside. Navigation on the Tennessee River made it possible. Here, you see, is an exciting example of what can happen when a liability is changed into an asset. The Tennessee wasn't navigable before the creation of TVA, there was no opportunity for a successful flour mill operation. Low-cost power didn't attract Nebraska Consolidated Mills Co. to establish the Alabama Flour Mills at Decatur. Navigable water did it, plus the possibilities that flour could be produced at a cheaper cost per barrel owing to savings on freight. The impact of this industry on our section was tremendous. Farmers could grow grains because there was now a daily cash market. They could produce corn and wheat, and all the grains with assurance that they would sell their production. They could get cash for products for which previously there had been no market.

Tennessee Valley Fertilizer Cooperative, a fertilizer mixing plant serving 10 counties, was established by the people. Later, when we saw the possibility of selling seed commercially, this same organization put up a modern and efficient seed-cleaning plant.

An alfalfa-drying plant has been built, another way of keeping our pledge that markets would be established every day in the year for every product grown in the Decatur area.

These are specific illustrations of the forward-looking change which has taken place in the minds of our people. These industries, land builders and man builders, could never have been pictured in the minds of a defeated people, of a people who in the year before TVA saw an uncontrolled river flood and wash away the best soil, erode the back lands, wash crops, houses and barns down an angry stream.

You can see by now that the opportunities which were at hand in the development of the river and the region were being seized upon by our people with renewed courage and confidence. We now knew that we couldn't be licked again, that what had been preached to us by TVA was the economic truth.

A resident of a nearby town came into Decatur with an idea that he could build a market for poultry. We agreed with him and encouraged him to go forward. Today, this market though no more than three years old in our area, is doing a $3,000,000 business.

Today there is a market for cotton, corn, wheat, livestock, milk, timber, small grains, truck crops. Fifteen years ago we were dozing in the sunshine waiting for that once-a-year payroll brought by cotton and wearing out our second finest resource, the land. Today the cash income from all farm products in the area surrounding Decatur is $48,000,000. Land building did it. Flood control did it.

Navigation did it. Malaria control did it. TVA, with the other state and federal agricultural and health agencies, their teachings activated by an intelligent and determined people, did it.

Let's stop here for an illustration of the value of malaria control. Did you ever have malaria? I have, the majority of my people have. Do you know what you want to do when you have malaria? Nothing. You want to prop your feet on your desk, or if you are not an office man, perhaps you'll take a day or two off from your job in industry or take out of the fields, just to get a rest. Malaria is restful—and nonproductive. Soon after the creation of TVA a nationally known manufacturer of full-fashioned hoisery bought a bankrupt hosiery plant in our community. The new company introduced physical examinations for all employees and found that 35 percent of all employees had malaria. Ten years later, after the TVA malaria control program had been in action, the figure had dropped below 1 percent. Today, because malaria is completely controlled, this hosiery firm does not even require the malaria test in physical examination. And what happened to the people in that plant? Why, they outproduce the employes of three other plants of this same company. That's what defeating malaria has meant just in this one illustration of how government can be helpful to people by making it possible for them to help themselves.

Industry-wise, our people have not been sleeping. Here again the pledge has been kept to never again be dependent upon any one major industry, or to seek after big industry alone. By the year 1940, there were 61 firms manufacturing a product in Decatur, Alabama, employing 2,834 people with an annual payroll of $3,159,000. By 1944 the number of industries was 68, employing 6,908 people with an annual payroll of $12,927,000. In 1948 the number of firms making a product had reached 87 and employment, off from the war peak, was 5,204, but the annual payroll was $12,605,000, just a quarter of a million short of the payroll total during the war. You see, through the years we have been putting together the industrial picture in sound fashion. We had sought after diversity of industry rather than bigness.

Keeping soundness ahead of bigness in industry, you will be interested in a partial list of products now processed or manufactured in Decatur. These include: flour, brick, tile, meats, furniture, boxes, baskets, structural and ornamental iron products, tanks, skids, septic and grease traps, poultry processing, felt hats, crude cottonseed and oil, steel ships and barges, dairy products, aluminum fabricating, steel nuts and screws, concrete pipe, copper tubing fabrication, cotton and rayon tire fabric. Once, a short time ago, we were dependent on one industry.

Down through the years we have never hesitated to use the technical opportunities within TVA. In our considerations of types of industry needed in our community, we have gone to TVA repeatedly to ask that the facts concerning such projected industry be assembled. I have said before and I say now that TVA has the most capable personnel with which I have ever come in contact, either in private or public service. No matter what department we sought out for advice on industrial or agricultural matters, we have always received willing and dependable factual assistance. The people in TVA have worked weeks and months on some of our requests, and never once has there been any directive issued to us. They have always told us. "Now here are the facts, the decision on what you do with them is up to you. The decision was our own, this government corporation believes and practices community development at the local level.

Just a moment on the electric picture. Have the benefits of electricity been made wide-spread? In 1939 there were 3,800 customers in Decatur, in 1949 there are 6,933. In 1938 they burned 12,000,000 kwh annually, now they burn 120,000,000 kwh annually. In 1938 the average sales price to the residential customer was 3 cents per kwh. Today it is just above 1 cent—and our Electric Department made $182,000 net for the year closing June 30, 1949. You ask if the Electric Department pays any taxes. Well, the private company paid $7,500 annually in 1938. The municipal operation pays to the City of Decatur $28,000. Yet we have the second lowest residential rate in the U.S.

What has happened in these 15 years in the spirit of our people? Are we confident without being over-confident? Do we look toward the future with assurance?

Let me give you three illustrations. Recently a copper processing plant decided to build a branch plant in the South. Two hundred seventy-four communities in 11 states were contracted. Do you know where that plant was located, an investment of $12,000,000? In Decatur, Alabama. Do you know what the difference was between that valued plant locating with us or elsewhere? The difference was in the spirit of the people—our confidence, our friendliness, our genuine interest in working with them on their problem, was the difference.

Or let's look at this figure to prove what's happening in Decatur, Alabama, in this partnership between the people and an independent corporation of the government. In 1933 there were 7,000 property owners listed on the tax books of our county, today there are 11,000. The assessed valuation has grown from $15,000,000 to $22,000,000. The population of our town has grown from 12,000 to 24,000, and yet, the most significant change has been in the thinking of our people. We have come from the status of a well-nigh beaten citizenship, merely existing, to a hopeful, exuberant, smilingly confident people, secure in the belief that given the opportunities afforded through making the forces of nature the servant of man, and with intelligent determination and sound application of the principles of economics, we could rise to heights of good citizenship, limited only by our own imposed limitations.

Decatur today is a community of 35 churches, all instruments of a kindly Father above. Who guides and directs our every step, a young city whose people recently taxed themselves to build a new $1,500,000 high school for our boys and girls, where the hand of the future has already shown us the necessity for doubling the capacity of our water ystem at a cost of $1,100,000, where our electric department is just completing a $400,000 expansion program to be ready for the future, where our people are constantly at work on new plans to perfect a soundly begun economic system so that our people might have opportunities to earn better things of life.

I would like to close with this summary. Senator William Knowland, of California, who came to the Tennessee Valley to see for himself what had been accomplished since the creation of TVA, returned to tell Congress that TVA was the greatest boon to private enterprise he ever saw. Or in the words of Dr. Sen, a visitor in Decatur from the Embassy of India, who viewed TVA as an improvement in an ever-improving democracy, or in my own way of answering visitors who come into our section of the Valley and ask, "Wouldn't this all have happened without a TVA?" And my answer to one and all is, "It didn't!"

RURAL DEVELOPMENT

FRIDAY, JULY 9, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Tifton, Ga.

The committee met, pursuant to recess, at 1:07 o'clock p.m., in the Rural Development Center, Abraham Baldwin College, Tifton, Ga., the Honorable Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey (presiding), Talmadge (chairman of the full committee), Allen, and Curtis.

Also present: Senator Gambrell and Representative Dawson Mathis.

Senator TALMADGE. The hearing will please come to order, and will Senator Gambrell and Representative Mathis please come up and take seats here.

STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR FROM THE STATE OF GEORGIA

Senator TALMADGE. First, let me in behalf of all Georgians welcome this distinguished subcommittee to Georgia and Tifton, Ga. We came here seeking information. We thought we had much to learn in this area of our State.

To date we have held hearings in Iowa, South Dakota, Alabama, and Georgia. More hearings will be scheduled at a later date.

What we are seeking is information at the grassroots level to determine what we as Members of the United States Senate and the Congress can do to assist the citizens of this country to making rural life more attractive, more opportunities for employment in our rural areas, stem the terrible migration that has taken its toll from rural America for some 50 years and continues at an accelerated pace.

That migration has not only taken a terrible toll in rural America but it has created a multiplicity of problems in our urban areas. It has made many of our cities virtually unlivable, ungovernable, and unmanageable.

Now, the Congress has appropriated countless billions of dollars to try to solve the problems of our cities, but as long as we have a continued mass migration of citizens, some possessing limited education and few skills, our urban areas will continue to overcrowd our ghettos, create problems of welfare, of crime, congestion, pollution, housing, and all of the great problems that plague our American urban areas today. I do not think that can ever be solved.

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I am gratified that the Rural Development Subcommittee was able to come here to the Rural Development Center to conduct hearings. As a Georgian, I am extremely proud of what this center represents. It is the only center in the Nation which is devoted to bringing together the resources of the Agricultural Extension Service and the State land-grant colleges to promote the development of the rural areas of a State.

Senator Humphrey, the chairman of the Rural Development Subcommittee, and I are extremely interested in bringing together existing Federal, State and local programs for the development and enhancement of our rural areas. Last year I introduced title IX of the Agricultural Act of 1970. This title, which was enacted into law, commits the Congress to achieving a sound rural-urban balance. It states that the revitalization of our rural areas is to be a matter of highest national priority.

I do not intend to let this language become an idle promise. In order to give life to this national commitment, I established a Rural Development Subcommittee when the Congress was organized this year. I appointed Senator Humphrey as chairman of this subcommittee and I am extremely pleased with the aggressive and thorough job that he is doing.

The field hearings that we are holding here today are one aspect of the subcommittee's efforts to match the high purpose of title IX with concrete accomplishments. By holding these field hearings around the country we hope to do two things: (1) We hope to gather information and knowledge which will help us to improve existing Federal programs and to fashion legislation which will create new programs; and (2) we hope to use their field hearings as a means of getting the story of the problems and the promise of rural America before the American public. Only by cooperation from our friends in the news media can we hope to acquaint the general public with the urgent need to achieve rural-urban balance.

I believe that the subcommittee can gain a great deal of knowledge and insight from the hearings here today. I am extremely proud of the way Georgia's system of multicounty planning and development districts have worked over the past decade. In my view, the only way that most of the rural counties in the Nation can hope to tackle their economic, social and environmental problems is through cooperation and joint effort on a multicounty basis.

Although almost 40 States now have some kind of multicounty districts, most are not nearly so well advanced as is Georgia. I believe the Georgia experience can prove beneficial to the rural areas of the entire Nation. Senator Humphrey and I have considerable confidence in rural multicounty planning and development districts and we would like to strengthen these districts. On Wednesday of this week we introduced comprehensive legislation to provide a system of financing for development of our rural areas.

In addition to making far-reaching changes in rural development lending authority of the U.S. Department of Agriculture, this legislation would establish a rural development bank. This bank would be patterned after the Farm Credit System which is a great success today. Our legislation would create a rural development credit system which would have on one hand, a rural development bank agency which would make hard loans and on the other hand, a rural development investment administration which would provide subsidies to needy rural development borrowers.

A key feature in the organizational structure of this legislation is utilization of multicounty planning and development districts as financial agencies. Under the terms of our bill, multicounty districts could, if they receive the proper authority under their state law, set up a federally chartered financial subsidiary which would make rural development loans through local rural banks and local units of government. Hopefully, the utilization of these multicounty planning and development districts will strengthen multicounty cooperation in planning and development. In addition, we feel that rural development loans should be considered on a multicounty basis rather than strictly from the basis of an individual rural development lender.

Senator TALMADGE. First, let me present my own distinguished colleague—is Senator Gambrell here?

VOICE. I believe he is out in the hall.

Senator TALMADGE. Is Congressman Mathis here? Ask them to please come up.

Until they arrive we will start off presenting members of our subcommittee.

First, the distinguished U.S. Senator from the State of Nebraska, who has served in the Congress for some 33 years, Senator Carl Curtis.

Senator CURTIS. Thank you, Mr. Chairman. We have a very interesting program ahead, so I will have no opening statement other than to thank my chairman——

Senator TALMADGE. David, come up here.

Senator CURTIS. And to thank the chairman of the full committee, your distinguished Senator Talmadge.

You people of Georgia have been most hospitable. We have had a very interesting and helpful visit to your State. It will mean much to this committee when we go to write our report.

I might say that up in Washington it is our privilege to work with another distinguished Georgian, Phil Campbell, the Undersecretary of Agriculture, and it has just been a delight to be here, and I want to thank all of you for your kindness and your hospitality.

Senator TALMADGE. Thank you very much.

Next, my own distinguished colleage, David Gambrell, who has been a Member of the Senate only a relatively brief period of time but through his diligence, integrity and hard work he has made a great impression on the Senate.

Senator Gambrell.

STATEMENT OF HON. DAVID H. GAMBRELL, A U.S. SENATOR FROM THE STATE OF GEORGIA

Senator GAMBRELL. Thank you very much, Senator Talmadge. I am not a member of this committee but a spectator and like all of you ladies and gentlemen, I am very pleased to be here and will be interested in hearing the testimony.

We have had a very fine visit to Georgia and we have been doing something I enjoy doing very much and that is bragging on Georgia today, and I am looking forward to hearing some more of this as we go along.

Thank you.

(The prepared statement of Senator Gambrell is as follows:)

Senator GAMBRELL. I am delighted to have this opportunity to express my views concerning the important subject which is being investigated by this subcommittee.

It is a matter of the most vital concern to my State, Georgia, where not only is there evidence of neglect in rural development in the past, but also the greatest opportunity for redevelopment in the future.

Although our national population has more than doubled in the last 75 years, there is more open land in the United States today than there was at the end of the 19th century. What a paradox this is when our major domestic problems are "crowded conditions" and "pollution of the environment."

A century ago this Nation was 75 percent rural. Today, it is 73 percent urban. We are all aware, of course, of what has happened to our rural population. Shifting agricultural markets, and advances in agricultural technology have made it impossible for the small farmer of bygone days to prosper, and he has left the country in search of better economic opportunities in our cities. At the time of the first census in 1790, 95 percent of our population was engaged in farming. Today only 5.1 percent of our people earn a living from direct agricultural production.

As the farm population declined, the entire rural economy suffered. The small farm family supported merchants, bankers, artisans, and professional people in rural communities. Where agricultural employment has not been replaced with industry, rural communities have "dried up" and become virtual ghost towns. Thus have the populations of our smaller cities and towns decreased, or remained static, with the decline in agricultural employment.

Although many of these migrants have found better employment opportunities in larger communities and have prospered, others have not found the cities to be the promised land. Many, many of them have experienced difficulties in adapting to urban life for lack of skills, education or motivation necessary to survive in a highly competitive environment. Those who have achieved in the urban environment have migrated to the suburbs of the city, but the innercities have become encrusted with alternate layers of those who have been there and cannot afford to leave, and those who have newly migrated there for lack of opportunity elsewhere. Poverty, ignorance, disease and crime, compounded by discrimination, injustice, and neglect, havve reproduced themselves and fed upon each other.

These facts are all well known, and it is also well known that efforts to crack poverty and welfare cycles in our cities have been enormously expensive and largely unsuccessful. In the ghettos of our cities, we have found that no amount of money spent can create the leadership, the motivation, the pride and the initiative that any community needs in order to progress and develop.

Thus our cities are faced with the impossible dilemma of a declining property tax base, an increasing demand for services for those unsuited to serve themselves, and a lack of inspired leadership to offer and implement solutions.

The actual cost of sustaining these migrants from rural to urban areas can be seen in figures cited by Senator Humphrey in the June 22, 1971, Congressional Record. In a study of 94 large U.S. cities between 1955 and 1960, it appeared that the average cost to the city per resident was $8, while that for each rural migrant was $72.

If we are to cope successfully with the problems of the cities, and with the problems of the poor, then we must reverse the trend of migration from our rural areas.

It is worthy of note at this point that rural development is not simply a matter of relief for urban congestion, or for relief of the urban poor. Studies show that there are 14 million poverty stricken Americans now residing in rural areas. While only 14 percent of urban housing is considered substandard, over half of all rural housing falls into that category. The economic impact of the migration from our rural areas has taken a heavy toll on those who remain. Thus, programs of rural development cannot only aid in relieving urban congestion, but can also add materially to the quality of life of our citizens who have remained in their rural environment.

Heretofore a number of programs have been initiated by the Federal Government under the general heading of "Rural Development" designed to increase economic opportunities in rural areas and to improve rural communities. There are programs under HUD and the Department of Agriculture for the development of community facilities, and Department of Agriculture programs for the promotion of agriculture and agribusiness enterprises. We can also note the work of the Appalachian Regional Commission and five other regional commissions and the programs undertaken under the auspices of the Economic Development Administration.

There have also been State and local attempts to improve the rural economy, create new jobs, and to end this outmigration. For example, the statewide association of rural electric co-ops in Georgia has recently hired an industrial development specialist whose function will be to try to fill the empty warehouses of the State with industry.

The State of Georgia has been a leader in recognizing and implementing its own program of rural development. Multicounty planning and development organization have been in operation a decade or longer, attempting to handle single-purpose programs on a regional or areawide basis. The State of Georgia has made available State funds up to $50,000 per district, on a matching basis with no strings attached to these multicounty and regional organizations.

Georgia is the largest State east of the Mississippi River and possesses not only wide ranges of rural areas but a thinly scattered rural population. It offers a fruitful field for this type of development. Recognizing this, the regents of the university system of Georgia have established and recently opened a rural development center at Tifton, Ga., in conjunction with Abraham Baldwin Agriculture College and the Agricultural Experiment Station, both of which are located in Tifton. The center's program will cover research, development, and teaching of all the subjects properly falling into the rural development field. It is the only facility of this kind in the United States.

In a related Federal program, Alma, Ga., a rural community of less than 5,000 population has been designated as a model city under the

Demonstration Cities Act of 1965. The basic objective of the model cities program is to improve the community involved as a place to live by expanding and upgrading employment opportunities in the area, and by improving community facilities. The Model Cities Act was intended to be, and is being, implemented in cities of all sizes. However, as applied to a small community like Alma, and Bacon County, Ga., in which it is situated the model cities program is properly an aspect of rural development.

The program in Alma, which is nationally recognized as being an outstanding success, although only in its second "action year" encompasses the following projects and programs: Airport runway extension; 200-acre industrial park; water and sewerage system; street paving and lighting; a 2,000-acre lake for recreation: water supply and pollution control; a farm crop diversification project; a program of housing beautification and improvement; and the establishment of a revolving fund to create and assist small businesses in the community. The face of Alma has changed and will change more. There are new jobs; there are new facilities; the program is working, and the people of Alma are aware of it.

As a result of my investigation into this subject in early June, I have initiated a new program with the Department of Housing and Urban Development which I hope will accelerate the extension of the lessons of Alma and Tifton to other rural towns and areas throughout the country. Through consultations involving model cities officials in Alma, and officials of the Rural Development Center at Tifton, I have proposed a program in three parts to be incorporated in the Housing and Urban Development program of the U.S. Government. I am expecting comments from HUD on this proposal at an early date.

First I have suggested that a high quality motion picture film should be produced to tell the "Alma Story"—how a rural city with model cities assistance can develop its economic opportunities and the quality of life in the community.

Second, I have suggested the establishment of rural development institutes to be operated by State universities under grants from the Federal Government. The structure of such institutes would be similar to the Rural Development Center at Tifton, but would combine the lessons of both Tifton and Alma into a course of training for Government officials, planners, businessmen, and educators. It would be my hope that the first of these institutes might be established at Alma, Ga.

Third, I have suggested that the Federal Government, either alone or in cooperation with the States, establish a fellowship program for training at rural development institutes throughout the country. Recruits in this program would be enlisted from a variety of business and professional backgrounds, such as county agents, chamber of commerce executives, city and county officials, and planners. After receiving specialized training at centers such as Alma and Tifton, these recruits could return to participating communities to aid in rural development programs being undertaken there.

I wish to express my strong support for the bill recently introduced by Senator Talmadge, of Georgia, and others, S. 2223, which if enacted, "will do for the nonfarm rural borrower what the farm credit system has done for farm borrowers." In making available credit for both public and private borrowers, this measure will open whole new fields of rural development, making available to potential developers in rural areas such essentials as access to transportation, adequate power, water, sewage, progressive school systems, police and fire protection. It can also provide the impetus for job training, thus leading to the development in rural areas of such specialized industries as electrical machinery, transportation, and others of high projected growth rates.

At a time in our history when our people are becoming acutely conscious of the environment, are demanding intensive programs for cleaner air and water, and for open spaces, it would appear that an effort to direct the trend of migration toward rural areas should meet with success. Americans have always been a mobile people, ever reaching for a better opportunity, or the hope of better opportunity. Cooperative programs of rural development between Federal and State governments would display a confidence in the future of rural areas which could change the direction of population movement in this country. Such a development would aid in the solution of many of the Nation's most pressing domestic problems.

Senator TALMADGE. Next, a neighbor who has been in the Senate a brief period of time, a member of the Agriculture Committee, a hard working, dedicated, intelligent, resourceful Senator, our neighbor from Alabama, Jim Allen.

STATEMENT OF HON. JAMES A. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator ALLEN. Thank you, Senator Talmadge. It is certainly a pleasure to be here in Georgia. Yesterday we were over in Alabama and you can hardly tell the difference between being in Alabama and being in Georgia because I notice that the rural areas and the small towns of Georgia are not unlike the rural areas and small towns of Alabama from which we draw much of our character and strength.

I enjoy serving with the distinguished Chairman of the Agriculture Committee, your able and distinguished senior Senator, Senator Herman Talmadge.

I enjoy serving with your other able Senator, Senator David Gambrell, your very distinguished House delegation, Congressman Dawson Mathis, and I note that our Alabama delegation and the Georgia delegation seem to think alike on the public issues affecting our section and our Nation.

Now, over in Alabama, and possibly in Georgia, when we see people connected with the Federal Government make a tour of our section, sometimes we are a little apprehensive. I would like to give very definite assurance that this subcommittee comes to Alabama and Georgia not to harass any of our people, certainly not to investigate anyone, not to seek to force compliance with any bureaucratic orders or decrees, and certainly not to discriminate against anyone.

We come here seeking information, seeking not only to identify the problems but to seek to find some of the solutions of the problems that affect rural America, and it is the function and purpose of this subcommittee to seek to work toward providing a better life for all of our people.

We feel that we will be able here with our hearings today, other hearings that we held at Alma and from Waycross over to Alma, the hearings that were conducted on the bus, that many solutions of the problems will be found.

We look forward very much to hearing more of the work of this center, and you are very definitely with your rural development center pioneers in this movement of providing a more meaningful life for all of our people, because if we can solve the problems of rural America we will automatically solve many of the problems of urban America and many of the problems of our area.

It is a pleasure to be here.

Senator **Talmadge**. Next, your own distinguished Congressman, who is a baby member of the House of Representatives, a member of the House of Representatives Agriculture Committee, and doing an outstanding job, Congressman Dawson Mathis.

Representative **Mathis**. Thank you, Senator. I would only like to welcome this distinguished group of Senators to Tifton today and to welcome all of you from the second district and all of Georgia who come to take part in these hearings.

To the Senators I say thank you for taking the time to come to the Second District of Georgia to look at our problems and to listen to our people. We think we have a story to tell. We think we have things to say and things to see and we deeply apprciate your coming and we welcome you back at any time, Senator.

Senator **Talmadge**. And thank you for that delightful luncheon you gave us today.

And finally, the distinguished chairman of our subcommittee, who is looking into this problem. On assuming my chairmanship of the Committee on Agriculture and Forestry, I thought we ought to try to do something about rural renewal. We had a distinguished member of that committee who had formerly been a ranking member of the Forestry Committee and Agriculture Committee before he became our distinguished Vice President. I talked with him about his interest, my interest in development of rural America. I found that our ideas were parallel. He was interested. He is extremely articulate. He is eloquent. He is dedicated.

I know of no man who can pursue this cause with more ability than Senator Hubert Humphrey, our chairman, and I will turn this meeting over to you, Hubert, and you may proceed.

STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator **Humphrey**. Thank you very much, Senator Talmadge.

May I first say to the people assembled here today a note of personal thanks and I think of national thanks to the State of Georgia for having sent to the U.S. Senate Senator Talmadge. I mean that most sincerely. He is a tower of strength for the good of our country and particularly for what we call rural America and rural America has yet and I hope even more so in the days to come represents a great reservoir of strength and vitality for this Nation.

In fact, it is my personal judgment that if our Nation is to have the great days that it ought to have, days in the future, it will be because we are able to revitalize, in a sense bring alive once again the tremendous resources that are here available, physical and human, in rural America.

Might I add quickly that we have staff members of the other Senators present. I think you should know that this subcommittee and this Committee on Agriculture, without any regard to partisanship, is deeply dedicated to the development of rural life and the resources of what we call rural America.

We have a staff members here representing Senator Dole of Kansas, Senator Bellmon of Oklahoma, Senator Eastland of Mississippi, and Senator McGovern of South Dakota. All of these Senators have the same commitment and the same dedication that those of us who are present have.

I find this visit to your rural development—Georgia's Rural Development Center an exciting one. It is unique. Again Georgia pioneers.

I have always been of the opinion that we should harmonize and mobilize the resources of our great land-grant colleges and other colleges and universities along with our Extension Service and, of course, the governmental structures, in common cause for the improvement of life in our rural areas.

We once had a policy in our Nation of rural development but we forgot it, and in fact, in recent years I think our policies as a country inadvertently, I am sure, not by design, have tended to make it more difficult for people in rural America and for the development of these resources, and what I call the heartland of our country.

Your State has determined to do something about it. We came here to learn and we have learned already just as we learned yesterday in Alabama. We had a wonderful session in Alabama. Again, I want to personally thank Senator Allen for making that possible. He made most of the arrangements.

We were in Decatur in the great Tennessee Valley area. We saw there what could happen when there was a partnership and a real working partnership, not one that you just talk about, where you really put it to work, between the Federal Government, its programs, its agencies, its instrumentalities, and the local people, but the one thing that becomes clear as we travel is that it takes local initiative and we heard this yesterday at Montgomery in testimony and this morning, if nothing else ever happens to me as a member of this committee, the chance to see Bacon County and Alma, Ga., to see what is going on there, has been a revelation.

It really is a great story for every American, and I have said—we have talked about it as members of this committee—that this story of Alma, Ga., and Bacon County, needs to be known throughout the entire Nation because there is nothing that gives people hope more than success. Success breeds success. And I think we can attribute much of the success to the leadership, and by the way, much of it young leadership, new leadership, but also with the experience of people who made up their minds that Alma was not going to die but it was going to survive and grow, and the people of that community decided to fight.

I would like to leave this thought with you. There are many programs in Government and many people regrettably do not use them. These programs are not as valuable as they appear in print until they are put to work, and until we can get your evaluation of them.

It is not so much only the amount of Federal dollars that are available but what you do with those Federal dollars, and we are very pleased that Georgia took the lead for what we call multicounty planning and development commissions, utilizing the local leadership to plan for the development of areas, regions, and districts, and phasing together the economic and social and educational programs into a single overall plan.

Now, today we are privileged to have with us your Governor. In each of the States that we have visited we have been fortunate to have the chief executive of that State appear before us as our first witness. In Iowa the Governor, in South Dakota the Governor. Yesterday in Alabama, the Governor spoke to us, and gave us his views on a number of the great issues confronting our country and the rural areas.

Today we are privileged to have one of the Nation's outstanding Governors and I truly mean a man that has great initiative, vision, and we welcome to this witness stand as a rare privilege for the Senate of the United States and the Congress the Governor of the State of Georgia, Governor Carter. [Applause.]

STATEMENT OF HON. JIMMY CARTER, GOVERNOR, STATE OF GEORGIA, ATLANTA, GA.

Governor Carter. Mr. Chairman, our own Senator Talmadge, very distinguished Chairman of the Agriculture Committee, distinguished visiting Senators who are also members of the committee from Nebraska and Alabama, Senator Gambrell and our fine young Congressman, Dawson Mathis—Mr. Chairman, I would like to make a few remarks and then go through a prepared statement which I have compiled very carefully.

I think it is typical of the rural South that you have this morning been welcomed to this committee by the youngest Congressman in the United States, and where you received testimony in Alma, Ga., from what was at that time the youngest mayor in the United States.

I know when I came home from the Navy several years ago I was eager to learn about my own profession of farming and I used to come to an agricultural college here in Tifton and I along with the other farmers, learned how to lead a better life, how to at least survive on relatively poor quality land, and receive as fine a degree of instruction as anyone in our Nation could receive anywhere in our country.

At that time those of my neighbors who lived in the town near my farm, which had a population of 600, did not have available to them the same opportunity that I did on a farm to learn how to lead a better life.

I have also been impressed in the last few weeks by a visit to the home of Senator Curtis in Omaha, Nebr., where we took time off—I think 14 Democratic Governors—to go out to a relatively small dairy farm.

The impression that we received there was the community of ideas, the commonality of problems and opportunities faced by farmers all over our Nation. We had testimony there from the farm organizations, NFO and the Farm Bureau, the Farm Union, the Farmers

Grange, and it was obvious to us that the problems of rural America and Nebraska and Alabama, which is my next-door neighbor, and Georgia and other States, are all common, one to another.

I am very thankful that I have had a chance to come here on behalf of the 4½ million people of Georgia to welcome you to our State. This is indeed a great honor for Georgia, to have a committee made up of such distinguished members, to come here and listen to our people tell you what we think would be the mechanism, contrived by the Federal Government, to give our own people a chance to utilize their individual courage and ability and self-reliance in striving for great things in the rural areas of our State.

I would like to go through very briefly my own comments that relate specifically to your own committee.

The problems which have wrenched this country during the past decade have been most volatile and visible in our major urban centers. These problems: civil disturbances, rising crime rates, deterioration of environmental quality, inadequate housing, congestion and alienation among our people are inextricably linked to a quieter but more pervasive set of problems in rural and small town America.

These areas are facing economic stagnation, Mr. Chairman, persistent poverty, a declining local government tax base, and a mass exodus of their most productive citizens (those in the 20–45 age bracket). You, gentlemen, are all too familiar with both sets of problems—rural and urban. My point is that these problems are woven together, that both spring from the same root. That root cause is a dramatic change in our national and regional economic base, and a concomitant shift in personal opportunities and population distribution.

Georgians have long had an interest in rural development. For quite some time now men in business, education, and government have seen the need for economic and social development in the small towns and rural areas of our State. Some of these men are here today, J. W. Fanning, whom you listened to this morning, and I would like to thank them for their years of hard work and effort.

Rural development is a practical idea in Georgia today. It is also a working reality. Public and private leaders alike are working to do more, to build upon the solid base we already possess. Much credit for this goes to the University of Georgia and its system for their research and technical support in local communities across the State. The Extension Service has been a strong program. The experiment stations such as located here in Tifton, have been invaluable in getting the results of applied research out to the people. A large and productive agribusiness has grown with their efforts. The Rural Development Center here in Tifton has been established to apply university resources to rural problems.

Other programs have aimed at rural development in Georgia. This State was one of the first in establishing area planning and development commissions. I have served as chairman on one of those commissions for a number of years during my life. These regional bodies have been successful in promoting development in rural communities throughout the State.

You have visited Alma, Ga., this morning, a "Model for Rural America," and an excellent example of what rural development means.

Georgia has also benefited from the work of the Appalachian Regional Commission and the Coastal Plains Regional Commission.

Georgia has been quick to set up county rural development committees to work with the State Rural Development Committee.

Our State government has acted to provide help to local communities. In my budget message last January, I pointed out our efforts to provide more assistance to local governments. Grants were proposed for sewage disposal facilities, improved health facilities, local welfare costs, airport development and local school construction. A total of $80 million in increased aid to cities, counties, and local school systems was proposed, permitting substantial reductions in property taxes.

Georgia has been and is committed to a quality of life for all her people. This is what rural development is really about. Economically and socially our people should have access to "the good life."

It is my firm belief that if we are to ameliorate our urban crisis and deal with related rural problems, we must address ourselves to problems related specifically to people.

My view of government's responsibility to our citizens is that our public programs should enhance the quality of life of all our people. Second, our governmental actions should maximize the legal and economic freedom or opportunity for our people to decide for themselves where they want to live, work, rear their families, and enjoy their retirement years. That is, we should not force people to live in a place which is abhorrent to their life style and personal needs just in order to provide a decent standard of living for their families. For too long this awful choice has confronted many rural southerners. Illustrative of this is the fact that until very recently the South's major "export" has been its young people who have left the South in search of jobs and economic and social self-sufficiency.

All rural areas, and particular those in the South, have paid a terrible price for past inability—or perhaps unwillingness—to provide the economic and social structure which would allow our people to choose freely where they want to live, and what they want to do.

In a society which talks much of equality and an end to discrimination, it is an inescapable fact that there is no more pervasive nor damaging form of discrimination than that practiced against the residents of rural America, both black and white, and the rural South in particular.

The basic problem of rural Georgia is the lack of a viable and expanding economic base to support those people who want to live there. With the mechanization of agriculture and the shift from labor intensive to capitol intensive farming, a tremendous number of small farmers have been forced to leave the land by factors which they were powerless to influence.

Those who have been able to remain on the farm have seen increased productivity and efficiency rewarded by decreasing profits and a totally inequitable share of our national income. As a farmer myself, I cannot be satisfied with an economic system which deals so unjustly with such a large segment of the population.

Our small towns have been largely bypassed by the tremendous gains in our national economic product during the past decade.

If we are to deal effectively with the problems confronting America during the seventies, we must deal with urban and rural problems as pieces of the same fabric. Our highly interdependent society cannot be viewed otherwise.

Mr. Chairman, one of the most debilitating aspects of government is the fragmentation of responsibility. This almost insures inefficiency, the accentuation of conflicts, and the alienation of our citizens from each other and from the government itself. The alleviation of inherent conflicts among communities and people requires mutual recognition of common problems and opportunities. Georgia has been a leader among States in the formation of area commissions designed to harness together the plans and efforts of logically grouped local governmental entities. Now we are extrapolating this development to the State level.

We do not need to see the Federal Government, through well-meaning laws, drive wedges between our people. As Governor of Georgia, I am responsible for the development and implementation of coordinated programs to meet the needs of all our people. Recent proposals to establish unilateral alliances between Federal agencies and a few selected communities, excluding the State government, are of great concern to me. One revenue sharing proposal—made by Senator Muskie, I believe—would provide grants only to cities with populations exceeding 50,000. We need carefully planned programs to bind us together, not to separate us.

I personally favor a financing arrangement similar to that used by the Law Enforcement Assistance Administration. This guarantees good planning, State coordination, minimum waste on administrative expense, and maximum State and local government initiative and control.

PROPOSALS FOR RURAL DEVELOPMENT

One of our most fundamental errors in the past has been the overriding philosophy that "more is better." Only recently have we begun to realize that quality is not necessarily determined only by quantity. That is, the quality of life means more than how much our population grew or *x* number of jobs were created in this area during the past year.

With this in mind, I would like to suggest that the Rural Development Subcommittee institute comprehensive legislation which recognizes the need for rural-urban balance in America.

As a point of beginning, this legislation should include the following components:

1. Include State government as an active participant in coordinating and directing faderally assisted programs which affect the rural and urban areas.

2. Provide financial incentives for planning and development on an areawide basis. Most of the crucial problems facing rural areas—economic revitalization, transportation, pollution control, and development of human resources—cannot be dealt with on a county-by-county basis. Rather, they must be solved using an areawide approach with strong support and guidance from the State. This means the development of a strong areawide planning and development process.

3. Provide the fiscal resources to implement the planned developmental facilities and services. Increased public investment in basic community needs coupled with a decentralization of industry and manpower training programs would serve to revitalize our rural areas.

4. Develop and implement a national urban-rural balance growth policy. We must begin to plan our development if we are to avoid the wasteful sprawl and severe personal dislocations which have heretofore characterized our growth. Along this line, we should have a national regional development program, patterned after the lessons we have learned from the Appalachian and Coastal Plains regional experience.

5. Continue and intensify efforts to provide agriculture with a fair share of the Nation's economic prosperity.

Mr. Chairman, I appreciate very much the opportunity to present these suggestions and will be watching keenly the results of your hearings.

Thank you very much.

Senator **Humphrey**. Thank you very much, Governor.

[Applause.]

Governor, I want to particularly thank you not only for your analysis of the problem but your very practical and thoughtful, constructive proposals——

Governor **Carter**. Thank you, sir.

Senator **Humphrey** (continuing). On which this committee can concentrate its attention.

Governor **Carter**. Thank you.

Senator **Humphrey**. I am sure you speak for many of us in what you have to say in terms of your proposals for rural development, particularly your emphasis upon planning, the coordination of the programs designed to be of help.

Might I also indicate that speaking for myself, and we brought this subject up yesterday as a matter of fact, on revenue sharing, there are many proposals before the Congress. It is my view that any revenue sharing that we have, if it even has the prospect of getting through the Congress, much less of having any sense of equity, must not only cover major cities but it must cover the very area that we are speaking of right now, because you have well indicated that the problems of urban America are inseparable from the problems of rural America, and it happens to be my judgment from what limited information I have and as a mayor, former mayor of a big city, a city of half a million people, that it is impossible to remedy the problems or to remedy the disfacing of urban America until we get at it at the rural level.

I use the analogy of a flood. Urban America is like a river out of control, being inundated by the hemorrhage of outmigration from rural America and the only way you control a flood downstream is upstream, and I would hope that your words here today of advice and counsel would be taken seriously not only by this committee, which I am sure they will, but by others.

Governor **Carter**. Thank you, sir.

Senator **Humphrey**. I now yield to the Senators here, Senator Talmadge.

Senator **Talmadge**. I want to compliment you on your testimony. I think you have analyzed the problem and stated some of the remedies in a very concise, effective manner.

A bill that eight members of our Agriculture and Forestry Committee submitted to the Senate last Wednesday is token consideration of the fact that you could not solve any of these problems on an isolated basis, and we made the area planning and development commissions look into part of that. Do you think that was a constructive suggestion?

Governor CARTER. Yes, I thoroughly agree. One of the things our rural areas have learned is the value of planning and the value of pulling together the efforts of communities which share a common area and common problem, and I have examined in quite a bit of detail since I have been Governor the different mechanisms by which Federal funds are made available to our people. Under the LEAA, it is all made up of different elements of law enforcement and the funds are then distributed through the area planning and development commissions in Georgia to be administered and controlled by the local government.

I personally like the idea of an overall State plan with almost complete control over your final expenditure of funds at the local governmental level and I certainly agree your approach to it is a very wise one, sir.

Senator TALMADGE. I would appreciate your analyzing the bill which we submitted to the Congress in some detail and giving us your recommendations and conclusions on it because I think during the process of the hearings and looking into various details of it we might find ways and means of improving it. That would be at least a start and we have got something going now which we hope will provide a solution, one step beyond the title 9, which we wrote into the Agricultural Act of 1970.

At that time we committed our Government to a sound rural and urban balance. We also required the Federal Government to locate installations in less densely populated areas. We requested from the executive branch of Government, from the President on down, certain reports be submitted that we hope can be used as a predicate for further legislation.

Only one thing, in conclusion. No Federal solution can provide the answer. They can assist. It will have to be a cooperative effort on the part of the Federal Government, State governments, county and local governments, area planning commissions, and finally, just as important is the local initiative and hard work of the people. We cannot push anything from the top down. It has to be from the bottom up. I do not want the Federal Government pushing something from the top down. We have had too much of that already.

Thank you very much.

[Applause.]

Governor CARTER. Thank you.

Senator CURTIS. Governor, I want to thank you for a very fine statement. I particularly want to comment on your fifth and last point where you stress the continuing intensified efforts to provide agriculture with a higher income.

I think we should keep in mind in these hearings and in developing a program that this rural development should be in addition to all the efforts and programs to increase agricultural income. I believe that we render a great disservice to accept the notion which creeps in every once in a while that suggests that farmers should sell their products at substandard prices but we will give them an opportunity to earn some extra money working overtime. I dislike that.

I think that farmers are entitled to a fair price for their products just as much as every other American is entitled to a fair price and that should always be our objective.

Now, in reference to these programs for rural America, I am impressed by the point you make that we channel through the States. I think that is important.

Do you feel that it is also important that we on the level of the national Government see what can be done to minimize the number of agencies that a local rural community has to deal with? Do you think that is important?

Governor CARTER. Yes, sir; I certainly do. I am trying myself to change Georgia from a government that has 300 agencies down to one that has about 20. I have been concerned about the President's proposal to abolish the Agriculture Department. It is very difficult now for a farmer like me—I happen to grow peanuts—to know exactly where to go to get a particular question answered, and if we do see a development in the Federal Government in the future to abolish the Agriculture Department, I hope that it might be replaced with one that would have as its exclusive duties the development of the rural areas which might involve the Farmers Home Administration and the Agriculture Department Extension Service and other matters that relate specifically to the development of the smaller communities in Georgia and throughout the Nation.

But it would be very helpful to us to have a single agency. I think you noticed in my statement, I said the fragmentation of government responsibility is one of the most serious afflictions on us and the average citizen has not nearly so good an insight into the Federal Government structure as a Governor who has been in office only a few months, and to try to find the right person to talk to about a question and to be frustrated with it is a major factor in alienating the citizens from their Government and in that way reducing the effectiveness of Government itself.

Senator CURTIS. I was greatly impressed by our visit to Alma in Bacon County and one of the things I wish to tabulate before our record is closed is how many separate Federal agencies they had to deal with.

Governor CARTER. Yes.

Senator CURTIS. The additional overhead cost is important but far more than that is that it would frighten most rural communities before they got started to—life would be over before they familiarized themselves with these various agencies.

Now, it is true it can be accomplished on a pilot basis or a research basis or as a pioneer effort such as you have done here, but after all, we should strive for a national policy that is available to all rural communities and certainly there are more agencies than I think most public officials could enumerate. Without a list of them we would not know just what they were doing, and I hope out of this fine work that has been done here locally at Alma that we can at least tabulate the facts in reference to that and give some attention to that angle of the problem.

I appreciate your testimony here very much.

Governor **Carter**. Thank you, sir. I have talked several times with young Mayor Henry Bishop, who is one of those citizens that would seek to find the right person in the long run even if it was discouraging.

I have heard him say several times that when he comes to Atlanta to find an answer to a problem that relates to the Model Cities problem it takes him 4 or 5 hours to find the right person and then 15 minutes to get his business done and that would be typical.

Senator **Curtis**. There are a great many agencies involved over there besides the Model Cities.

Governor **Carter**. I do not think it would be possible to count them, 20 or 30. If you need extra paper to——

Senator **Curtis**. Do you manufacture paper here?

Governor **Carter**. Yes, that is one of our biggest industries.

Senator **Allen**. Governor Carter, you made a fine presentation and I congratulate you for it. I said at the outset the committee was seeking not only to identify the problem but seek to find some of the solutions and I think that your statement has given us some very fine suggested solutions to many of the problems. And I would say that this committee certainly realizes that Washington is not the repository of all knowledge, that it does not have the answers to all the questions. There is a whole lot to be gained outside of Washington and it is the function of this committee to go out from Washington, go out to the people and to get suggestions from you and from them as to how some of these problems can be solved. And I would say that if this committee should be able to be the vehicle by which the recommendations that you have made are implemented, that it will render a great service to the country.

There is one area that you did not touch on as a possible method of solving some of the problems of rural America and of urban America, too, for that matter, nad that is the matter of the development of our water resources.

We share a common water, common boundary in the Chattahoochee River for many miles and you send us the waters of the Coosa River, to which we add the waters of the Tallapoosa forming the Alabama River which flows down to Mobile.

Would you not feel that the full development of all of the water resources of our State and our Nation would be one of the best ways that we could develop our areas and solve many of the problems of rural America and many of the economic problems of this Nation?

Governor **Carter**. Yes, Senator Allen. Only a few weeks ago I and the Governor of Alabama and representatives from Florida met in Dothan to consider this very serious problem as it relates to use of the Apalachiocola, Flint, and hCattahoochee River Basin seaports, inland seaports, in both Columbus and Bainbridge. In Bainbridge we derive most of our raw materials for the fertilizer I use on the farm but we are severely restricted in the free flow of goods to these two ports because of the lack of ability apparently of the Corps of Engineers to maintain an adequate channel in the Apalachicola River.

In addition to that, it is almost impossible, as Senator Curtis has pointed out, to discover who is responsible for providing us bridges that will be operable and can open to permit the passage of barges up to Columbus and to Bainbridge. So, this is now a great potential for this region in which we are now located which has not been adequately tapped because of either lethargy or a lack of understanding of the responsibility or because of an inadequate funding for development of the river.

I understand, however, that money has been available from the Congress for many years to keep the channel open up to Columbus and Bainbridge and to provide bridges across the river which will permit passage of the barge traffic. So far it has been impossible for me, in spite of a concerted effort, to discover who can control the level of water in the Chattahooche an Apalachicola, who can determine whether the power companies open or close the dam locks to permit enough water level to support a barge, who can determine when and how high a new bridge will be constructed across the Chattahoochee River, who can indeed provide an adequate depth of channel in the Apalachicola River, which is subject to silt.

You have placed your finger on a very important aspect of restraint in the rural areas which could open up to us cheap materials for use and a ready access to the sea for the products that we produce. Yes, sir.

Thank you.

Senator ALLEN. Thank you very much, Governor.

Governor CARTER. Mr. Chairman, I deeply appreciate this opportunity.

Senator HUMPHREY. Does Senator Gambrell wish to ask any questions?

Senator GAMBRELL. I would like to say this, Mr. Chairman, that I think it is a fine statement and particularly in that it makes some specific recommendations. I know we all see from time to time witnesses come before committees and make fine generalized reports, but not make any specific recommendations. Governor Carter has given five specific points which I think will be very helpful in the deliberations of this committee.

Governor CARTER. Senator Talmadge, I will certainly provide the committee with my own comments on the legislation. I will have my staff acquire a copy of it and I want to thank you on behalf of the Governor's office and for the people of Georgia for honoring us with your presence here.

Senator HUMPHREY. Governor, before you depart, may I on behalf of the committee, thank you and the State of Georgia for the excellent testimony we heard this mroning on the bus as we were coming from Alma here to Tifton, by Dr. J. W. Fanning, vice president for services of the University of Georgia, and by Lt. Gen. Louis Truman, the executive director of the Georgia Department of Industry and Trade, and also we had a very fine statement from your junior Senator, Senator Gambrell.

We are particularly grateful for the valuable information that we received on your rural development program here in the State. We will also incorporate all of that testimony as a part of the official report of this committee.

Governor CARTER. Senator Humphrey, I might also add in closing that I sat next to you at lunch and I could tell that you were one of us when I saw how much fried okra you consumed.

[Laughter.] [Applause.]

Senator HUMPHREY. Governor, I like grits, too.

[Laughter.]

Our next witness will be Mr. Hal A. Davis, the executive director of the Coastal Plains Area Planning and Development Commission, and president of the Georgia Regional Executive Directors Association.

Might I say to the witnesses, if you will take this in the spirit of mutual cooperation, if you can abbreviate your statements, give us the summation, so to speak, in the interests of time, it would be very helpful.

Senator Curtis had to leave us because of an important engagement that he has to fulfill in Washington and in Nebraska since he is the Senator from Nebraska. I will be required to leave a little earlier this afternoon than I had hoped for because not the State of Minnesota is calling for me but that I think I ought to return there for a very good reason. So, if you will proceed there on that basis, Mr. Davis, and we will, of course, make all of the testimony a part of our record and it will be very carefully studied by members of our staff, analyzed and made available to the Senate.

STATEMENT OF HAL A. DAVIS, EXECUTIVE DIRECTOR, COASTAL PLAIN AREA PLANNING AND DEVELOPMENT COMMISSION, VALDOSTA, GA., AND CHAIRMAN, GEORGIA REGIONAL EXECUTIVE DIRECTORS ASSOCIATION

Mr. DAVIS. I will summarize my statement.

Mr. Chairman, members of the Senate Rural Development Subcommittee, Senator Gambrell, and distinguished guests, as chairman of the Georgia Regional Executive Directors Association, I represent the executive directors of 19 multicounty planning and development commissions. These blanket the State of Georgia. The area commissions are supported by a combination of local, Federal, and State tax money. Generally speaking, the budgets range from about $150,000 to approximately $250,000 per year.

Taking my commission as an example, my annual budget is about $220,000, approximately one-sixth of which is local funds raised at 25 cents per capita from each county, approximately one-third is State funds, and about one-half is Federal funds.

The Federal funds that the area commissions use are usually derived from one or several of the following sources. Economic Development Administration planning grants. There are 13 such designated districts in Georgia funded by the Economic Development Administration. Most use 701 funds from the Department of Housing and Urban Development. The Department of Justice safe streets act, planning grants funds are used by almost every area commission. Most have used Farmers Home Administration money for water and sewer planning. Comprehensive health planning grants are also used in Georgia from the Department of Health, Education and Welfare, and Appalachian funds for local development districts.

The general purpose of the area planning development commissions is to promote the economic development and physical improvement of the areas served. In order to achieve this purpose, the area commissions do planning, research, and development work in several fields. Some of these are industrial development, local planning assistance, regional planning, recreation planning, tourism development, human resource development, and many special needs of the area being served by the individual commission.

Area commission industrial development work is usually carried out in several ways. First, the commission staffs do research to provide information to statewide industrial development agencies—such as the Georgia Department of Industry and Trade, or the railroads, the banks, and similar agencies that are contacted by industrial prospects interested in locating in the southeast. This information permits these statewide agencies to furnish the prospects with specific information on the communities in Georgia.

Then, the area commission staffs work to coordinate the efforts of the local communities with the State agencies that receive these prospects, and helping them to show the potentials of our rural communities.

The commissions work step by step with individual communities helping them in details such as identifying the need for an industrial park, showing them where it should be located, how to design it, where to get their funds, helping them to make Federal applications for funds when such funds are available, guiding them until the entire project is complete; and assisting the community leaders with the prospects, and showing them the sites, helping prospective industries to obtain funds to build their plants from sources such as the Small Business Administration and the Economic Development Administration.

The commission staffs also work in local planning assistance. Through this assistance they also help the communities to become ready for industry as well as to be a more enjoyable place to live. They assist with such matters as zoning ordinances, subdivision regulations, land use plans, central business district plans, flood plain zoning, or any type of local physical plans which would be a needed part of a comprehensive plan.

Then, in a similar manner the commissions undertake regional physical planning. Examples are regional transportation planning, regional land use planning, airport planning. The commission coordinates the local plans with the regional plans and coordinate the regional plans with statewide plans.

The commissions also work in the field of recreation, assisting with the development of local recreation programs and facilities and assisting with the application for funds for the implementation of the plans.

Many of the commissions work in the field of tourism. An example of one tourism program is in the Coastal Plain Area Commission. In this area, the commission organized a tourism council of local businessmen who operate establishments which serve the traveling public. In the council, these businessmen join together to advertise their common assets to the traveling public in the area.

Assisting private developers is another way in which many commissions contribute in the field of tourism. In this way, the commissions help to develop potentials for tourist recreation throughout the State of Georgia.

The commissions also work in the field of human resource development. For instance, the public service careers program is being administered by several area commissions. These programs help the disadvantaged people to gain experience and training which they need to hold a job in public service institutions.

Also a program in child development and a program for the aged are being initiated in two area commissions at this time. The commissions in the early days of the OEO helped to form CAP organizations throughout the State. The CAP organizations are now independent organizations.

Then, of course, the commission works, as I said, in developing special projects to meet the individual needs of each area. One excellent example of such special projects is the Floriculture Co-op, which was developed in the Heart of Georgia area commission. This program is designed to help the farmer to learn the growing of flowers, and to market them through the co-op. It has been a tremendous success and it is going to be even more of a success, we believe, in the near future.

The commissions often work together. Six area commissions are now working on a limited access highway plan which would traverse the State of Georgia. They are working together to document the real need for this highway as well as on the location plan.

Comprehensive health programs have been applied for on a cooperative basis among several area commissions. Area commissions are also working cooperatively across the State on the Governor's goals for Georgia program. These are only several examples of where we work together on State or regional programs.

Now, these are just some of the highlights of area commissions. It was my intention to show how the commissions do both planning and implementation, how we have had experience in the administration of programs such as, the PSC program or OEO or omnibus crime law enforcement program.

We are working with the Governor on reorganization of district boundaries so that our boundaries will be co-terminius with all the different districts in Georgia, and we will have a more meaningful program in the future than we have now.

I believe, the APDC's have demonstrated ability to plan locally, and regionally and to coordinate these plans locally, regionally and statewide we have demonstrated ability to carry the plans through to successful implementation and to administer new programs as the need arises. I think this administration is extremely important.

We have demonstrated in the past a willingness to be involved in and/or to administer new programs, State or Federal, and we are ready now to become even more deeply involved in new programs to aid in the development of rural Georgia.

Thank you very much.

Senator HUMPHREY. Thank you. Might I just ask one or two quick questions? Your budget—what is the amount of your budget for the State?

Mr. DAVIS. The entire State of Georgia?

Senator HUMPHREY. No. I meant for your work. Coastal Plains Area Planning and Development Commission.

Mr. **Davis**. We have nine counties in the Coastal Plains Area Planning and Development Commission, and the budget for this commission, including all Federal, State, and local money, is about $220,000. It fluctuates as we receive grants. Our State funds amount to $65,000.

Senator **Humphrey**. And the rest of it is Federal.

Mr. **Davis**. No. Then we have about $35,000 in local funds and the rest of it is Federal.

Senator **Humphrey**. When you use the word commission, you are speaking of the nine counties.

Mr. **Davis**. Right. The multicounty planning district.

Senator **Humphrey**. And you are speaking, in other words, of your area district planning commissions, is that right?

Mr. **Davis**. Right. I represent an organization of executive directors from all of these commissions and I was speaking in general about them and specifically in some instances about my own commission.

Senator **Humphrey**. You have 19 of these area districts, though, do you not, in the State?

Mr. **Davis**. That is correct.

Senator **Humphrey**. And only nine coastal development commissions. Nine counties that are affected by the Coastal Plain Area.

Mr. **Davis**. Yes, I believe nine Georgia counties are included in the Coastal Plain Regional Commission.

Senator **Humphrey**. One other thing. How do you coordinate the work of the Coastal Plain Area Planning and Development Commission with, for example, your Georgia Department of Industry and Trade?

Mr. **Davis**. We meet with them on a fairly regular basis. They visit our offices on occasion. We furnish them with information about our area which is given to industrial prospects when they come in. We also furnish them with continued information that they put into a data processing system that they can keep current at all times about the State of Georgia and about our communities.

Senator **Humphrey**. What I am really concerned about is we have the Appalachia Commission, we have the Coastal Plains Commission. Do we get in each other's hair or are there lines of demarcation, et cetera, or are there ways and means of communicating so that we maximize the use of the personnel and the Federal dollar?

Mr. **Davis**. Of course, my commission is in the Coastal Plains Regional Commission.

Senator **Humphrey**. Yes.

Mr. **Davis**. We work with this commission through its representative in the Bureau of State Planning and Community Affairs here in Georgia. The Bureau coordinates the relationship of all area commissions with these two regional commissions. And then, of course, all of us know the staff of the Coastal Plain Regional Commission personally—those in Washington and those who have been here in Georgia.

Senator **Humphrey**. Well, I shall not take more time but it does bother me, not that we have these commissions but what I worry about is that when we set up, for example, under State law, which is so desirable, the area or district planning commissions, the multicounty type of setup, which is the State apparatus, which is really at the heart and core of what we are trying to do for local planning, what I am concerned about is how do the many Federal agencies, how do the Federal regional commissions, all tie into the plans into the operations of the area or the district, State multicounty commissions.

Mr. Davis. Well, fortunately, here in Georgia—our bureau of State planning and community affairs helps to coordinate this. The bureau has staff members who are assigned to both, the Coastal Plains Commission and the Appalachian Commission—to coordinate our work with their work. Here in Georgia we have a State investment plan for those commissions. The State investment plan is fed to the bureau, the State bureau, from the area planning and development commissions. So, we receive the benefit of the bureau's coordinating powers and I think we are successful in being able to accomplish that here.

Senator Humphrey. Senator?

Senator Talmadge. Very briefly, Mr. Davis, I want to congratulate you on your statement. I am proud of what our area planning commissions have done in Georgia. Our State has pioneered, of all the States in the Union, in that direction.

For the record, how are your members of the board of directors of your planning commissions selected? Coastal Plain Planning Commission, for instance?

Mr. Davis. There are various alternatives in the State, but let's take my commission as an example. We have nine counties. From all nine counties we have one man appointed by the county commission, and we have another appointed by the mayor and council of the county seat.

In addition to that, we have as an advisory board member, a minority person, who is appointed jointly by the county commission and mayor-council from each county.

Now, other commissions are formed differently. For instance, one commission has three members appointed from each county, one by the city council, one by the county commission, and then one agreed upon by the two as a full board member, not an advisory board member, a minority member.

Senator Talmadge. What I am getting at, it is a coordinated effort on the part of all the people in the planning area without any exclusions where all can be represented, is that it, municipal and county governments?

Mr. Davis. That is right. Oftentimes, for instance, the mayor may appoint himself to the board so we have representation of elected officials and sometimes we have representatives of those elected officials.

Senator Talmadge. And in that way you can coordinate your efforts and work without one county working in one direction and the other in another and a municipality in a third direction.

Mr. Davis. That is exactly right. We have one board representing all of these different interests.

Senator Talmadge. And it is responsive to the wishes of both the counties and the municipalities in the area affected.

Mr. Davis. It certainly is, yes.

Senator Talmadge. Thank you very much.

Senator Humphrey. Senator Allen?

Senator Allen. Thank you very much for your testimony. I have no questions.

Senator **Humphrey**. Senator Gambrell?

Senator **Gambrell**. Let me make one comment. I am very proud of the showing that has been made here of planning in Georgia in connection with revenue sharing all across the board, rural development and urban development and otherwise. I think one of the criteria ought to be that we do not spend money or do not send money from Washington to places that do not need money and have not planned for it. Here in Georgia, this system of planning commissions means that we will discover our needs and we will have plans to utilize money that is distributed under revenue-sharing plans of any kind. I think this is important and other States ought to be similarly equipped.

Mr. **Davis**. Thank you very much.

Senator **Humphrey**. We thank you, and your entire testimony by the way, which is very well documented, will be included in our record.

Thank you very much, Mr. Davis.

Mr. **Davis**. There are 19 multicounty planning and development districts in the State of Georgia. These 19 districts, called area planning and development commissions (APDC's) blanket the State and range in size from five to thirteen counties and include both urban and rural areas. Generally, the purpose of the area planning and development commissions is the economic and physical improvements of the areas which each serves. Georgia's APDC's are unique in that they are grassroots organizations formed through voluntary cooperation of the member counties and cities in those counties, pursuant to the Georgia General Planning Enabling legislation.

The first area planning and development commission in Georgia was formed more than a decade ago in the northwestern section of the State. Called the Coosa Valley APDC, it was formed as a pilot program supported by State and local funds. It was one of the earliest attempts in the United States to combine efforts to provide planning assistance and to coordinate economic development activities on an areawide basis. Because of its success, the State of Georgia offered to provide matching funds in the same manner as to Coosa Valley to any group of counties in the State of Georgia which wished to join together for planning and development purposes. Within a relatively short time, almost the entire State followed the example of northwest Georgia.

APDC FUNDING

APDC's are supported financially through a combination of Federal, State and local funding. Member cities and counties contribute a fixed amount annually based upon their population. This per capita contribution by the local governments is matched by a State grant of up to $65,000 annually to each APDC.

In addition, the APDC's are supported by planning grants and programs of the various Federal agencies such as nonmetropolitan district planning grants from the Department of Housing and Urban Development; planning grants from the Economic Development Administration of the Department of Commerce (to those APDC's which are designated as economic development districts); planning grants from the Department of Justice for the administration of the Omnibus Crime Bill and Safe Streets Act; grants for water and sewer planning from the U.S. Department of Agriculture, Farmers Home Administration; Comprehensive Health planning grant under the Department of Health, Education, and Welfare; planning grants from the Appalachian Regional Commission for those APDC's which are designated as local development districts (LDD); and other Federal programs and planning grants.

FUNCTIONS

The general purpose of the area planning and development commissions, as stated above, is to promote the economic development and physical improvement of the area served. More specifically, it is the mission of the commission to undertake research and development of plans, to motivate, to coordinate, and to assist with implementation.

Included in research and development of plans is first the identification of problems. These consist of economic, educational, social, fiscal, and environmental problems as well as others. It is the function of the APDC to become thoroughly familiar with these problems and develop systematic, workable plans and programs for mitigating or eliminating them. It is intended that public officials, from local and State levels, utilize this research and other information provided by the APDC's as a basis for making their own decisions for improvements. Information gathered in research efforts may also be used by private developers; however, its prime purpose is to serve as a basis for plans to solve the problems of the district.

It is the function of the area planning and development commission to motivate public officials and other community leaders by informing them of the source of their community problems and by making innovative and practical suggestions and alternate feasible methods of solving these problems. This motivation includes demonstrating to local governmental leaders that local tax monies can be multiplied when they are used to match various State and Federal monies in programs designed to help solve their problems.

In carrying on the above mentioned functions, area planning and development commissions generally operate with individual programs designed to work primarily in a single area. Examples of these areas are law enforcement, environmental planning, industrial and economic development, human resources development, recreation and tourism.

In most area commissions, the law enforcement planning program operates under a planning grant from the Omnibus Crime Control and Safe Streets Act. The purpose of the program is to assist local units of government in the APDC district in the developments of programs to improve law enforcement and in making application for Federal funds to implement these programs. For the above purpose, law enforcement is defined as the total criminal justice system, including police, courts, juvenile delinquency, probation and parole, and corrections. In addition to helping local communities obtain the benefits of the Omnibus Crime Bill, APDC law enforcement planning programs also render other forms of assistance to the area. Establishment of law enforcement and criminal justice degree programs at area colleges is an example of this type of assistance. The department also organizes areawide law enforcement intelligence units to foster cooperative law enforcement efforts.

Environmental planning programs become involved in regional solid waste disposal planning, regional open space planning, regional river basin and flood plain planning, regional comprehensive planning, regional recreation planning, regional economic base analysis, and transportation planning. In addition to Federal assisted planning studies, the APDC's publish maps and brochures to aid member cities and counties. The environmental planning section also provides staff assistance at regularly scheduled meeting of local city/county planning commissions to give advice on zoning and subdivision regulation implementation.

Area commission industrial and economic development planning programs direct their efforts at increasing industrial and economic growth of their areas. These programs are primarily concerned with projects which have an area influence. They offer staff assistance to individual city and county governments, local chambers of commerce, industrial authorities, and development authorities. The programs include: research to identify problems which contribute to the economic problems of the area; recommendation for actions which will alleviate identified problems and increase potential for economic growth; offering assistance to attract new industry.

The purpose of the APDC recreation program is to aid in the development of recreation facilities for local communities by providing technical assistance from the APDC staff and by helping to obtain technical and financial assistance from various State and Federal programs.

APDC tourism programs are designed to promote an increased level of tourism throughout the commission area. APDC tourism staffs also assist private landowners and inviduals in the development and promotion of tourist attractions. This activity may include working with landowners on the feasibility of developing campgrounds, or advising individuals on the development and management of fishing lakes and hunting preserves for lease.

APDC human resource programs are designed to improve the employment potential, educational level, and general well being of the disadvantaged people in their areas. As example of a human resource activity is the public service careers program (PSC) which is underway in several Georgia APDC's. The PSC program is designed to help secure permanent employment within public institutions for disadvantaged workers. They also assist in the upgrading of certain employees of these agencies. The program is funded by the U.S. Department of Labor and administered by the U.S. Department of Commerce, Economic Development Administration. Examples of persons who may be trained under the program are hospital orderlies, clerks, carpenters, medical records clerks, and automotive mechanics.

One of the most important functions of an area planning and development commission is to serve as a coordination agency for the area. Commission staff members, in this capacity, serve as liaisons between member local governments and various Federal and State agencies. An example of this function is the regional clearinghouse program of the area commission. In this program, the area commissions review most Federal and State applications which originate within the area in order to insure that there is no duplication of programs. This activity is carried out by working directly with State and Federal agency personnel on behalf of local officials concerned with the project. This APDC activity services to satisfy the directive of the Bureau of the Budget, A-95.

APDC's establish and implement programs designed to coordinate the efforts of citizens of local communities in programs which would allow these citizens individual participation. An example of this is the Coastal Plain Area Tourism Council which is administered under the auspices of the Coastal Plain Area Planning and Development Commission headquartered in Valdosta. The purpose of the tourism council is to develop an areawide tourism program designed to increase the economic potential of the entire area. It encourages tourists passing through the area to stop and spend money. Another example is the APDC Sheriffs and Police Intelligence Units which are organizations of areawide law enforcement officials, established to offer increased protection of persons and property in the area. The units are intended to be available particularly in times of emergencies such as an actual disaster or riot. Any one town or county could not muster the forces necessary to handle a disaster or any consequence. The emergency squad can.

Coordination of expenditures and tax money and other local moneys to insure the greatest economic impact and the highest possible return for the tax moneys spent by the district citizens is also an APDC function. Examples of this function is the assistance APDC's provide local communities in obtaining grants from the various Federal agencies including the Department of Interior Land and Water Conservation Fund, the Public Works and Economic Development programs of the U.S. Department of Commerce, Economic Development Administration. Community facilities grant program of the U.S. Department of Housing and Urban Development, and the programs of the various other Federal agencies. All of these programs give the citizens in the district the maximum possible return for their tax dollar.

Area planning and development commissions serve as regional sources of coordination. An example is the coordination among six APDC's across South Georgia which are involved in assisting their member counties in planning for a new limited access highway which will traverse Georgia. Also, three area planning and development commissions are coordinating their efforts to increase the quality of health care in the 30-county area by forming a comprehensive health planning organization under a program of the Department of Health, Education, and Welfare.

Area planning and development commissions whose boundaries adjoin neighboring States have coordinated their programs with those of other States. An example of this is the Withlacoochee River Canoe Trail which begins in Georgia and ends in Florida on the Suwannee River. This canoe trail has enabled many travelers to traverse the river from Georgia to Florida in an uninterrupted and well-planned trip.

Georgia APDC's are involved in assisting local communities implement proposals originating in the specific local towns. This is done by assisting in the preparation of various project applications submitted by the town. APDC staffs also provides technical assistance to individuals in their respective areas by providing information and advice needed to implement locally funded programs or projects. Examples of this are local recreation programs designed with the assistance of APDC staff members.

All Georgia APDC's assist in the implementation of the various programs or proposals of the State agencies when requested. Examples are APDC assistance in implementing a statewide airport systems plan, a statewide transportation plan, and the gathering of information for a statewide comprehensive outdoor recreation plan that will enable the State of Georgia to qualify for land and water conservation funds under the U.S. Department of the Interior.

Several Georgia APDC's have been instrumental in establishing regional law enforcement training academies and facilities throughout the state of Georgia. In addition, some APDC's have designed and implemented course curricula in at least two of Georgia's colleges which offer courses in subjects leading to degrees in the fields of police science, criminology, and public safety. In addition, some Georgia APDC's are involved in implementing management assistance programs to their member towns and counties.

FORECAST AND CONCLUSION

The 19 area planning and development commissions in the State of Georgia are today making vigorous efforts to begin working together more closely so that they may multiply many times over the services they have rendered to the citizens of their areas in the past. It is hoped that this effort will culminate in new programs which will employ a regional approach to the general and specific functions and problems of government. These programs would lead to APDC assistance to county and municipal governments in such possible areas as water and sewage billing, the service of utilities, the collection of taxes, and others.

It is apparent that Georgia's local governments are today in a financially critical state. They are unable to meet the demands placed upon them by their citizens with the limited sources of funds now available. The result is a constant reliance on the one basic revenue source which is already overburdened—ad valorem taxes. To mitigate this situation, APDC's invision programs of consolidation of services which would lead to more efficiency and consequently more service for every dollar available. This can be accomplished through the regional approach to government and its problems. The regional approach, initiated by APDC's, would replace the local approach which has now become antiquated and obsolete.

In order to be of the greatest service to their member governments, area planning and development commissions are making a concerted effort to become more closely coordinated with state government. They are presently realining their boundaries, making them coterminous with the boundaries of major Georgia State Department districts. The purpose of this massive change is to create a closer working relationship between area commissions and State agencies, and to insure that area and local plans coincide with those of the State of Georgia. Districts whose boundaries are to be made coterminous with those of area commissions are health, highway, welfare, vocational education, and others. Once the mission is accomplished, all facets of State government will be concentrated in each separate district rather than in overlapping districts. This concentration will be much more conducive to meaningful regional plans and to the regional approach to government.

To reach optimum effectiveness, area planning and development districts first attempt to establish a rapport with local citizenry and to demonstrate an ability to function in behalf of the people. This relationship has already been accomplished. In general, all of the districts in Georgia have reached a point of local trust. This accomplishment should clear the way for many more programs of the type area commissions are now administering. In addition, the confidence which has been established will make possible even broader programs than those already in operation. Long-range plans include establishment of programs such as youth development programs, geared to developing the future community leaders of rural Georgia communities; circuit rider personnel management and city management personnel; and other similar services. With the rapport and confidence that we have today, the next few years will undoubtedly develop unused potential of planning and development districts to reshape the course of rural Georgia.

Senator Humphrey. Our next witness is Mr. Tim Maund, executive director, Central Savannah River Area Planning and Development Commission, accompanied by two of his board members, Randolph Karrh and Lucius Merrion.

Please come forward, gentlemen. We welcome you and we thank you for being here.

STATEMENT OF TIM MAUND, EXECUTIVE DIRECTOR, CENTRAL SAVANNAH RIVER AREA PLANNING AND DEVELOPMENT COMMISSION, AUGUSTA, GA.

Mr. Maund. First, let me say again, too, Senator Humphrey, it is our pleasure to appear before you and I do have with me today two members of the board of directors of the Central Savannah River Area Planning and Development Commission who wish to talk about their experience with an area planning and development commission at the local level. In this case these gentlemen are from Swainsboro, Ga., the first economic development center that was to be the second center in an economic development district recognized by the U.S. Department of Commerce.

They have quite a story to tell and they will summarize their testimony briefly and then I will have a couple of comments to make myself.

First, I would call on Rev. Lucius Merrion to give his remarks.

STATEMENT OF REV. LUCIUS MERRION, MEMBER, BOARD OF DIRECTORS, CENTRAL SAVANNAH RIVER AREA PLANNING AND DEVELOPMENT COMMISSION, SWAINSBORO, GA.

Reverend MERRION. Mr. Chairman and Senator Talmadge and Senator Gambrell and other guests, first, let me say it is gratifying to have this opportunity to appear before distinguished members of this Subcommittee on Rural Development to discuss some of our ideas of rural development.

I would like to familiarize you with the area that I represent so that you may be able to put my comments into the proper perspective.

The Central Savannah River Area Planning and Development Commission is a commission composed of 13 counties in eastcentral Georgia adjacent to the Savannah River. I am one of the members of the board of directors appointed from the national service and regional councils. Swainsboro is the county seat of Emanuel County. It is located at the southern end of the region and is a designated regional growth center. It was the first community in the Nation to become designated as a secondary growth center.

I would like to limit my remarks to a few specifics in rural planning and development. We feel that if we are to continue to develop rural America, there must be a coordinated local and area planning and development program. We feel that any legislation which is predicated on the need of rural development should encourage multijurisdictional cooperation of State and local government to insure that the decision is undertaken through a process of planning and management at the regional scale. We feel that State and local governments should take a broader viewpoint, that they must interrelate decisions pertaining to certain functions, activities like transportation, housing, public schools, hospitals, equal opportunity in employment, environment and development of other community faciliites.

DOCTORS AND HOSPITAL CARE

We feel that doctors and hospital service should be top priority in our community. Federal grants should be made available to students in rural communities. There should be programs to equip local hospitals with modern equipment and to upgrade hospital workers pay.

HOUSING

Housing conditions in rural communities still have a long way to go before the need of the people can be met. Although we do have low income housing programs there are many who do not qualify for these programs and are still in desperate need of decent homes in which to live.

PUBLIC SCHOOLS

We feel that public schools must secure young people who are coming out of college if we are to better our public schools. There must be more Federal aid to public education beginning with day care center programs.

TRANSPORTATION

Transportation is very essential in rural development. Better highways and airports will help in this. We believe that the success of economic development programs undertaken by county, multicounty and district organizations and communities depend upon the active participation and support of all segments of the community including the disadvantaged groups the programs are designed to benefit. In many communities, however, the poor unemployed and underemployed are minority groups who have been given little opportunity to take part in decisionmaking processes of organizations whose economic development activities affect them.

Again, I would like to thank you for the opportunity to appear before this committee. I appreciate your interest in rural development processing in the Nation.

Senator HUMPHREY. Thank you very much, Reverend. Thank you very much.

Reverend MERRION. This is Randolph Karrh, Senator.

Senator HUMPHREY. Mr. Randolph Karrh.

STATEMENT OF RANDOLPH C. KARRH, MEMBER, BOARD OF DIRECTORS, CENTRAL SAVANNAH RIVER AREA PLANNING AND DEVELOPMENT COMMISSION, SWAINSBORO, GA.

Mr. KARRH. Mr. Chairman and distinguished members of the subcommittee, I would like to preface my remarks by saying this is kind of a scary proceeding here and I have been trying to settle down. I did start feeling better when Senator Talmadge took off his coat and loosened his tie. I felt like I was a little bit more at home.

So, I feel a little bit more relaxed today.

I do appreciate the opportunity of being here. Our plight in rural Georgia and rural America is well known. I think it is fully documented and I do not want to waste your time on it.

Outmigration from our area into urban areas has left us with diminished services of every kind. We fully support and wish to go on record of supporting your efforts to mold and create a national policy which will help to bring about a balanced population distribution which will offer people a greater choice about the environment in which they live.

At present those of us who want to participate in the maximum benefits of our civilization are almost forced to live in urban areas. It is a strange thing but for the conduct of business and industry, this is not necessary. With the growth of communication and transportation technology, this has reduced the space-time ratio. Activities can be spread out over larger areas and remain as coordinated as before. Cities for business and industry are not technically necessary.

Further, a broader population distribution would help reduce the bad effects of diseconomies of scale. Analysts are pointing out now that once your population density passes a certain point, the per capita costs of all services rise.

I can still get a television set almost correctly repaired in Swainsboro cheaper than they can at Atlanta.

Beyond a certain point economies of scale turn into diseconomies. For this reason we believe both the urban and rural areas will benefit from what you are doing on a balanced national growth policy.

Now, I want to stress three points to you. First of all, I feel that this committee, as Senator Curtis a minute ago said, I think that you fully recognize that a dedication to the proposition of an adequate farm income for the farmer, the producer of food and fiber, must be the foundation on which rural prosperity is to be built. We want to stress that. We recognize that problem in our area. We must not do anything to diminish this income or so deemphasize the needs of our actual producers of food and fiber.

Now, it is for these reasons, and that specific reason, that in our Area Planning and Development Commission we reject respectfully the President's proposals on rural revenue sharing and his sister proposal on reorganization. We feel these two programs would abolish the U.S. Department of Agriculture and remove the farmer from the highest councils of the executive branch of the Government. These programs would exist—they would destroy the existing Federal, State, and local programs where if properly funded, these programs can reverse our population trends.

To me personally the most tragic victims of these programs would be the abolishment of the regional planning commissions. I recognize that this could be carried on on a voluntary basis but I do not feel that State governments being hard pressed for funds, would necessary conduct—would continue the Coastal Plains and Appalachian Regional Commissions on a voluntary basis.

Now, the effect of this would be to deemphasize the farmer and his problems, placing him in a secondary position to others of rural development. We stress this because we do not want a restructuring of rural development to take over and actually cut the farmer out of his needs. There has got to be an addition to it.

Now, our second point gets to our success in our county. Now, we want to stress that in our opinion, the geographical redistribution of industrial plants and the jobs they create is truly the only practical method of controlling population densities. Emanuel County stands as an oasis in a desert of out-migration. In 1920 there were 25,862 people in Emanuel County. By 1960, 40 years later, our population had reduced to 17,800 people. Today we have 18,389.

We have done this by hard work, cooperative effort from all the people of our county, and the efforts of our Central Savannah River Area Planning and Deelopment Commission. We have reversed a 40-year trend.

In 1950 we had 893 people employed in industry and in 1962 this figure had grown to 1,600. Today we have 3,600 people employed in industry. Through the help of the CSRA and the Economic Development Administration, we obtained a grant and have built a 600 acre industrial park. It is fully served by electric power and natural gas and water.

We have 42 industries now in Emanuel County and six are located in this industritl park which employs 585 people. We have got room for 300 or 400 more. We hope to get them in there.

Now, Swainsboro, Ga., was our county seat. It was the first community to obtain a designation of secondary growth center within an Area Planning and Development Commission. This growth center designation with the long-range regional planning commission concept including the construction of interstate limited access development roads connecting growth centers plus the impact of our Magic Mall industrial park makes the future of my county look very bright.

My third point, gentlemen, is we do wish to put our support behind you in the creation of a rural development bank. We urge that the bank be created. We urge that you use the existing commercial banks or the Federal land bank or the Production Credit Association to administer the physical needs of this bank but we do wish to go on record as being in favor of it.

Thank you.

Senator HUMPHREY. Thank you very much.

Mr. MAUND. Senator, to very briefly go through a couple of things. First, to say any legislation which is predicated on the need for rural development should encourge multijuridictional cooperation.

Secondly, you mentioned the Department of Industry and Trade and we tried what we call a contact committee that was made up of local leadership to contact the State development people. We found out that this volunteer effort failed because they got discouraged after a couple of years and, therefore, we hired through contract, a professional from a university institution to do this and we have achieved success in our developing program through that method.

Another thing that we have done in our area and one that we feel is essential in any regional program; that is, to identify the independent growth center, give them the necessary tools and resources to continue growth so that they might help that dependent area around them. When I say independent growth center, I do not mean some community that is 250,000. I mean a community like Swainsboro of 7,500 or any community that has shown the potential for growth.

Another thing that we are concerned about in our area and one that we have worked on, has been our environment. For the past 3 years we have prepared a solid waste plan for our area. The collection and disposal of solid waste is a rural problem as well as an urban problem. We are trying our best through this area plan, to get counties to go together and support jointly a land fill and collection program because that is the way they can best afford it and that is the way they can best manage it. We are concerned in rural America about management.

Because of that concern we have spent a great deal of time working with our tax officials on how best to collect their money and working with the State revenue department. Recently we got together with the revenue department and we prepared a plan for automating the tax records of the counties in our area. Our commission paid the setup charge for these tax records on the computer system and those counties now have automated tax records.

Another thing we did along that same line was with the city and county budgeting process in our area. We designed a computer program in budgeting and accounting for small communities. We have one community, Waynesboro, whose testimony you will receive in brief from W. H. Harper, a bank executive, which has been on that system for a year and they have more effectively managed their affairs since they were on this system. We believe that this is the way to assist in the proper utilization of resources whether they be local, Federal or State.

Another thing that I have commented before to Congressman Blatnik and also to Senator Montoya's Committee on Economic Development and Public Works, is the moratorium on local real estate and other taxes. This is something that has been kicked around and there is a $5 million limit on the amount that industry can expand without a moratorium. We would suggest that maybe there should be stipulated in any enabling legislation that would give Federal assistance in this direction that the local units of government acquiring industry under these provisions may not give tax incentives of their own. A rural development bank may be the answer to this problem. Anything that will get big money into rural America at competitive rates will help immeasurably.

Senator HUMPHREY. You study our bank proposal carefully, the one that Senator Talmadge and myself and other members of this committee introduced because we get right at the heart of that problem.

Mr. MAUND. Good.

Senator HUMPHREY. Right to it.

Mr. MAUND. I hope so. The other part that Hal Davis mentioned, our area is well planned, as well as the rest of the State. We are ready for the resources that can become available for rural development.

Another thing is cooperation. Many State and Federal agencies cooperate with the area planning and development commissions and practically all of them have operating agreements wtih various departments of the Agriculture Department, particularly the Soil Conservation Service, and so forth.

I would say that any agency such as Agriculture Department with 22,000 subagencies throughout America that is undergoing a vital change, should have this type of facility that we have here in the Rural Development Center to deliver the bacon, if you please, to rural America so we can keep feeding urban America and share in its quality of life.

Another comment is, as has been mentioned, there are some 500 regional councils throughout the country today and through our national association, the National Service to Regional Councils, we believe that some 200 or 300 more councils would give this Nation a system of development districts or area planning and development commissions or regionalism, if you please, so that urban and rural America can be brought together through the elected process and, therefore, can share in the resources of this Nation.

One other thing, and it is kind of a prediction, something that I picked up in the House and Home Magazine. Since the February earthquake in California, their in-migration rate has dropped to almost zero. For 1971 it is estimated that they will only have 25,000 net in-migration to the State of California while during the sixties they had on average approximately 300,000 per year.

We predict because of insurance rates, the cost of living, the fear of earthquakes and natural disasters, that people will seek areas that do not have these things and generally you will find them in some rural areas, particularly in the South, I might add, since we are here today, that you will find these people migrating to and enjoying the urban life. I will not get into the problem of New York.

Housing has been mentioned as a problem and the problem here is that the cost for rural housing is about the same in a rural community as it is in an urban community but the rent base is different. The rent base in a rural town might be $65 and in an urban area it would be $110. Private developers and even public people and nonprofit corporations have a problem getting $110 for an apartment or for a home because of the cost that they have put out to build that home in a rural area.

This is a problem.

Maybe special guarantees are needed for rural housing that would encourage more new homes and encourage particularly the destruction of dilapidated houses. Maybe even consider 100-percent grants and loans.

To summarize, we have provided in our State professional staffs on a regional basis for the support of rural and urban countries. We have planned for a better way. We believe that tax incentives for home and industry will help. We think that all agencies at all levels should work cooperatively. We think that growth centers and regions should be identified and we believe that the transportation systems in rural areas need to be improved.

Thank you, Senator. That is our testimony.

Senator HUMPHREY. Thank you. In the moment we have here I would just like to venture this thought because as I listen to the comments about planning at the area and regional level and realize that a good deal of that planning is still sorrily underfunded insofar as the achievements or the projects are concerned within the plan, we are beginning to sense and see an outmigration, first, from the inner city to the suburb, and you are going to see it from suburbs to what we call rural areas. We are beginning to see again a pattern of outmigration of industry, first, from the inner city, second, it is coming from the suburbs.

It is my judgment that these things move more rapidly than most of us contemplate and what I am concerned about is that you are going to see an outmigration faster than the communities are prepared to accept or prepared to receive with any kind of order, and you will find a helter-skelter kind of development that we have seen on highways where there was no zoning or in suburbs where there was no zoning, and as we sit here and talk about the possibility of population distribution or redistribution, it is apt to come a little faster than anybody ever contemplated and we get caught up with another mess on our hands worse than the inner city or the metropolitan area.

So, I just toss it out, just want to be on record for it. I think that can really happen.

I want to thank you gentlemen very much for your testimony, particularly the thoughts that you have given us about your interest in our proposal on the bank. We will be having hearings, as Senator Talmadge has said, and we hope to be able to get a good deal of advice and counsel.

Senator Talmadge?

Senator TALMADGE. I want to compliment you on your testimony. A few things on Mr. Karrh's testimony I particularly want to comment on.

I concur fully in your opposition to the abolition of the Department of Agriculture. I get several hundred letters a day. The majority are Georgians. Many of them are complaints about the administrative actions of Federal agencies. The Department of Agriculture is closer to the people than any other Federal agency for this reason. The ASCS committee of directors is in the courthouse of every county in the United States where they have any farming operations. The local community on the local level is elected by the people, so they are responsive to the needs of the people in your community. They are not in Washington dictating policies from there. They are in your own county courthouse.

I think it would be the height of folly to abolish the Department of Agriculture, the Extension Service, and those things that have been so significant in the service of agriculture in America since 1852. Not put it in some conglomerate idea of government that no one knows the purpose of or the meaning of or the significance of it or what it hopes to accomplish.

One final thing. You suggested that we utilize the facilities of the Federal land bank or the Production Credit Association to create a bank. We decline to do that for this reason. We wanted all of the available agricultural resources for farmers to remain for farm purposes. We wanted to create a new agency to create job opportunities without diminution of the capital of the funds that would be available for agricultural purposes.

Now, in that conjunction the full committee has pending before it at the present time a bill that I introduced—it has already been reported by the subcommittee to the full committee—that will liberalize the operations of the various agricultural credit agencies. One of the things, it would authorize the Federal land bank to make loans for farm homes. You and I know that most of the farm homes constructed in America today are being financed by the Farmers Home Administration and have been limited because of lack of capital. The President held up a half billion dollars of that fund. We finally prevailed on him to release it.

We have inadequate capital there. We also have inadequate personnel, so we thought the added facilities of the Federal land bank to make loans for rural homes would also be of value.

Thank you very much, Mr. Chairman.

Senator HUMPHREY. Senator Allen?

Senator ALLEN. I do not have any questions. I do want to commend each of you for your fine testimony and your explanation of the work that your area development planning commission is doing. They are doing fine work and I congratulate you.

Senator HUMPHREY. Senator Gambrell?

Senator GAMBRELL. I have no questions. I would also like to congratulate these gentlemen. They come from an area of the State with which I am very familiar and I know personally of the work they are doing there. I am pleased to see them here today.

Senator **Humphrey**. May I just assure this distinguished group as a member of the Committee on Government Operations which will have some jurisdiction on the reorganization plan of the Department of Agriculture, there is one vote "No." I am just not about ready to vote for that. [Applause.]

Thank you, gentlemen, very much.

Mr. **Maund**. It is a privilege for me to have this opportunity to appear before you. I am here as the director of one of Georgia's area planning and development commissions. I might also add that I am immediate past president of the National Association of Development Organizations and a current member of the board of directors of the National Service to Regional Councils. Colonel Hagerstrand, of the national service board, appeared before you on June 17, 1971, and I endorse that testimony, particularly that part which says:

> Any legislation which is predicated on the need for rural development should encourage multijurisdictional cooperation to assure that the coordination of State and local governmental decisions are undertaken through a process of planning and management at the regional scale.

Over the past 10 years, we have tried a number of programs from the regional level to assist our members. One of them that worked for a while was what we called a contact committee. This group was made up of development people from each member county and their responsibility was to visit our statewide development agencies once a month and to call attention to our area. We even prepared a development manual for each member. After a while it played out largely due to the fact that going to Atlanta every month for a year or two without any success tends to discourage most people. That is why we now have a contract with a professional industrial development agency, Georgia Tech Industrial Development Division, to carry out this mission. They are doing a good job with some success and they have the full support of our members.

Another thing that we have done is to identify the independent growth centers in our area, Augusta, Swainsboro, and Thomson. These cities have been recognized for their growth potential and we are encouraging them. You will hear the story of one of those centers today—Swainsboro and the magic mall. If any region is to survive, it must recognize its true growth center, identify it, and then give it the resources to grow so that it might contribute to the region.

One of the projects in our area is known as the Forward Four Counties Regional Park. This industrial park in a rural town of 350 people (Camak) was supported by four counties. Initially, a large industry had been signed up to come in but due to economic conditions, it was forced to cancel its expansion plans. This park is the first area outside Metropolitan Augusta located on Interstate 20 with two railroads, natural gas, and public utilities. It is an attempt to show that a rural area can capitalize on its being near a large city. While we have shown a large number of prospects for this park we have not landed a big one yet—but we continue our effort. With some new communities' money, this might become a real success story.

Part of the big concern of America today, both urban and rural, is our environment. In the past, our cities and counties have dumped garbage and trash at most any convenient spot. Over the past 3 years, we have prepared a plan for the collection and disposal of solid wastes in our area and have conducted schools on the subject. Last year we had 200 public officials and operators of landfills present for a 2-day workshop. They came from South Carolina and Georgia. This year we had the cosponsorship of the Georgia Municipal Association and Association County Commissioners of Georgia, and 130 officials from Georgia showed up. We are beginning to implement these plans and as the State health department applies pressure on our local officials to stop burning and to bury garbage properly, they are glad that our plan and assistance is available.

Industry, on its part, is rightfully trying to improve its profit margin, and the moratorium on local real estate and other taxes does help to a degree. But by far, the largest chunk of taxes any corporation pays goes in the form of corporate income tax to the Federal Government. I would suggest that the moratorium on these taxes for a specified period would be a much more attractive inducement to industry than any moratorium on local property taxes. Accordingly, I would suggest that Federal tax incentives be offered to industries which locate in federally designated redevelopment areas. Further, I feel that it should be stipulated in any enabling legislation to this effect, that the local units of government acquiring industry under these provisions may not give tax incentives of their own. A rural development bank may be the answer to this. Anything that will get big money into rural America at competitive rates will help immeasurably.

Recently, we have concluded a study of the development authorities in the State. These are agencies representing local government that may issue revenue bonds for industry and many of them are allowed to levy tax millage for industrial development purposes. We have encouraged those agencies in our area to do this, so that they might raise adequate funds to carry out a good development program. This taxes our people but when you are in a rural area, you try everything you can to improve the quality of life.

Through our planning division, we have prepared water and sewer plans for our area and each town. We were encouraged to see Farmers Home Administration get more money this year. They need more. We also think it good judgment on your part to increase the population limit of Farmers Home to 10,000. We have also prepared economic reports, transportation plans, capital improvement plans, building and zoning codes, street numbering systems, and recreational plans for our members. Backed by a professional staff, our rural members are prepared to forge ahead with any new rural development proposals.

Cooperation is a big word around here. We have worked with many State and Federal agencies to get this far. Agreements exist between the several agriculture agencies and various area planning agencies. Last year we amended our development policy to include encouragement of training agriculture officials such as county agents, to be more expert in development work. This Rural Development Center is a beautiful example of what we mean. Any agency with 22,000 subagencies throughout America that is undergoing a vital change, should have this type of facility and programs to deliver the bacon to rural

America, so we can keep feeding urban America and share its quality of life. There is a definite dependency on each and we must keep their growth balanced.

In any effort to improve management of rural government, we have encouraged computer time sharing. Four years ago, we designed a special accounting system for small towns. Waynesboro has been on the system for 2 years and they are happy with it. Two other small towns. Sylvania and Washington, got so excited that they purchased their own small computers. Two years ago, we got a local computer firm to meet with the State revenue department and us to solve a problem with tax digests and tax billing. We worked out a program satisfactory to the State and this commission paid for the system set-up charge in our area and nine rural counties are now using a sophisticated tax program. Incidentally, several other areas in the State are now looking at the system and it may help them as it did our counties.

Today you will receive testimony from two of our towns, Swainsboro and Waynesboro. We have assisted them with development, planning, and management. Their evidence will bring out some of the specific things that have aided them.

With some 500 regional councils already covering two-thirds of the United States, and anly 250 more needed to complete the coverage, it appears to us in Georgia—100 percent covered by region bodies—that your committee should endorse regionalism as a useful tool in keeping the proper balance between urban and rural America, and further, provide the regional bodies with some new resources that will get the job done.

The future will have some crazy lines in it from a statistician's viewpoint. Since the February earthquake in California, their in-migration rate has dropped to almost zero. For 1971, it is estimated that they will have only 25,000 net in-migrants, down from 300,000 in the 1960's. What is happening to California and New York? Where will 2 million of its people go in the near future? They are moving to smaller towns. Housing is a bigger problem in rural America because the costs are about the same for construction, but the rent structure is very different. In small towns it runs about $65 per month when it takes $110 per month for a new structure. This prevents private development and encourages, somewhat, public development. Even then, the taxpayers wind up partially supporting this. Special guarantees are needed for rural housing that would encourage more new homes and encourage the destruction of dilapidated houses. Maybe 100 percent grants and loans would be proper because of poor resources in these areas.

To summarize, we have provided in our State professional staffs on a regional basis for support of all counties therein, large and small.

We have planned for a better way; we believe that tax incentives for home and industry will help; we think that all agencies at all levels should work cooperatively; we think that growth centers in regions should be identified; and we believe that the transportation system in rural areas needs to be improved.

Thank you again for allowing me to present this evidence before your subcommittee. I hope that this will aid you in writing new legislation aimed at assisting rural America.

Senator HUMPHREY. We are taking the liberty, after some consultation here, to revise our schedule of witnesses, gentlemen. We have Mr. William H. Peace III, director of the Southern rural project, and Mr. Coleman could not be here so I have asked Mr. Peace to come and testify now. And we will hear from Mr. Richard Lyle, who will speak for Mr. Coleman, a little later here.

STATEMENT OF WILLIAM H. PEACE III, DIRECTOR, SOUTHERN RURAL PROJECT, ATLANTA, GA.

Senator HUMPHREY. We welcome you, Mr. Peace, and thank you for coming. Am I correct that you are also associated with Georgia Tech?

Mr. PEACE. Yes. I am on the faculty of Georgia Tech.

Senator HUMPHREY. Thank you.

Mr. PEACE. First, let me say I am delighted to be here and I would like to thank all of the Senators for having me here. I am like an employee of the National Sharecroppers Funds, which is a nonprofit organization which has been engaged in working with low-income farm and nonfarm families in the Southeast for the past 30 years.

In 1967 they got an OEO contract to set up a Southern rural project in which its primary function was to do community organizing and program development in specific rural areas in the State of Georgia, and along with that, we were supposed to train community leaders so that after the project had ended, communities would be just a little bit stronger insofar as a meeting of needs was concerned.

Our project ended on June 30 of this year.

Now, the report that I will give to this committee is Mr. James Pierce, the executive director of the National Sharecroppers Fund, and this basically is his report to the National Board of the National Sharecroppers Fund. As an employee, my input has gone into the report and I feel that this is the best possible report that I could make to this committee.

Senator HUMPHREY. We will incorporate all of it, sir, as a part of the record. You might want to review for us its highlights.

Mr. PEACE. Nineteen seventy was the year in which many Americans examined anew the costs of achieving efficiency in agriculture through bigness. In the name of the most efficient agriculture in the world. Federal policy for 30 years had abetted through sumptuous subsidies the growth of bigger and richer farms. Millions of small operators had been driven off the land as much the victims of Government policy as of competition. With little education or hope they had crowded into the great urban centers, adding to the crisis of poverty and racism, social tension and violence, pollution and deteriorating services. Now Americans learned that the race toward bigness was also depleting and pollution in the soil, water, atmosphere, and food through excessive use of hazardous pesticides and fertilizers.

Survival demanded both an ecologically balanced system of production and the revitalization of rural life, but neither was on the Government's agenda. The rural poor continued to suffer from the meagerest diets, the lowest incomes, the worst unemployment, the most dilapidated housing, the least adequate medical care, and the most blatant racial discrimination. Almost every Government attempt to help had been transmuted into a device either to make the rich richer or the poor poorer or to regulate and pacify the poor with token assistance.

We often hear talk about the vanishing American and, of course, the vanishing American is symbolic with the Indian, but there is another vanishing American and that vanishing American might well be the small farmer.

Now, the exodus of small farmers continues, while Government agricultural policy remains attuned to the interests of large farmers. More than 2.7 million farmers, nearly all of them small operators, have abandoned farming or sold out to bigger competitors since 1950. Only about 2 million small farms are left now. Between 1950 and 1970 the total number of farm residents has declined from 23 million to 9.7 million people.

The Department of Agriculture (USDA) keeps growing bigger as farm population dwindles. Between 1950 and 1970 USDA appropriations rose from $2.3 billion to $7.5 billion and its staff grew from 84,000 to 125,000. Most of USDA's money and time are devoted to expanding and improving the operations of the 1 million farmers with gross sales of $10,000 or more whom its officials consider serious commercial producers.

USDA acreage reduction and price support programs bestow the biggest subsidies on the largest farmers. In 1970, the top 137,000 farmers or less than 5 percent of all farmers received 46 percent of the $3.7 billion in subsidy payments. A California cotton producer led with $4.4 million, eight other operations received $1 million or more, and 23 got $500,000 or more.

The prosperity of big farmers has also been financed by USDA research programs through their development of new crops, fertilizers pest controls, irrigation techniques, and labor-saving machinery suitable primarily for large-scale agriculture. Big operators have enjoyed a host of other Government subsidies, many of them hidden. Large landowners, especially in the West, have reaped windfalls in land appreciation from federally financed irrigation systems and a vast network of dams and canals built by the Federal Government. In many cases, the Government has helped landowners make new lands fertile while at the same time paying them not to grow crops. The most significant hidden subsidy to big farmers is a labor subsidy; exclusion of farmworkers from the protections that apply to other workers, such as workmen's compensation, unemployment insurance, and collective bargaining has kept their labor costs among the lowest in the Nation.

This multiplicity of subsidies has hastened the penetration of the farm economy by ever-larger units and the growth of corporate farming. Twenty years ago the average farm size was 215 acres: today it is estimated to be 387 acres. The Nation's 40,000 largest farms—less than 1 percent of all farms—accounted for at least one-third of all agricultural production.

The Agriculture Act of 1970 leaves farm policy basically unchanged. The new legislation sets limits of $55,000 per crop on subsidies in wheat, feed grains and cotton. But it still rests on a system of planned scarcity and a subsidization process that widens the gap between big and small operators. Already large cotton growers are resorting to a variety of legal maneuvers—such as splitting their holdings among family members so each can get a check—to keep on qualifying for maximum payments.

All small farmers have suffered from Government policy, but black farmers have been the chief victims. In 1950, there were 560,000 black operated farms; today there are only 98,000. In the same period, the total black farm population fell from 3,158,000 to 938,000; the average annual loss was 10.5 percent compared to 3.9 percent among whites.

USDA has been repeatedly found guilty of discriminating against blacks. (Six years after the passage of title VI of the Civil Rights Act of 1964, banning discrimination in federally assisted programs. authority to enforce title VI at USDA is still left largely in the hands of the very program administrators whose agencies are in violation of the law). The worst rights offender among USDA assisted programs is the Cooperative Extension Services (CES)). A recent audit of the operation of the Alabama CES conducted by the Inspector General's Office of USDA found the situation unimproved since the passage of the Civil Rights Act of 1965. Black county agents are assigned work on a racial basis, are subordinate to white agents, and often have heavier work loads in areas with large black populations. Deprived of adequate services, black farmers remain handicapped by outmoded techniques and low productivity.

Black people are still virtually unrepresented on the Agricultural Stabilization and Conservation Service's locally elected farmer committees which determine crop allotments and price support payments. There are only three black members among the 4,000 county-level committeemen in the South, less than one-tenth of the 1 percent in a region where blacks are from 10 to 20 percent or more of the farm operators and where they comprise a majority in 58 Southern counties.

Now, the Farmers Home Administration (FHA) USDA's credit agency for low-income rural people, has steadily improved black representation on its county committees and has noticeably increased black participation in its low-interest loan programs. Yet, the help that it does provide black farmers is unequal to that given whites who are similarly impoverished. In 1969, the average size of operating loans received by black borrowers was $2,226, while loans to whites averaged $5,928. The average size of economic opportunity loans was $1,319 to blacks, $2,281 to whites.

Now, the migration of blacks out of the South continued during the last decade at nearly the same pace as in the 1940's and 1950's. The 1970 census estimates show a net migration from the 16 Southern States of 1.4 million blacks in the 1960's, as compared with 1.5 million in each of the previous decades. Migration—primarily to California and Northern urban States—was at an annual rate of 140,000. Earlier predictions that the movement out of the rural South had diminished assumed that black southerners were finding more jobs in their own region as a result of economic growth and Federal equal-employment laws. The new data suggest that blacks have not been able to break through job barriers in significant numbers.

Now, if you are following me reading, I am on page 13. In spite of lack of many Government programs designed to assist poor people, we now find that poverty is on the rise as opposed to on the decrease.

Now, for the first time since 1959, the number of Americans living in poverty increased. In 1970, the poverty census climbed to 25.5 million, up 1.2 million from 1969, according to Federal figures. Conditions for the rural poor are getting worse—especially for blacks who, as a group, are falling further behind whites. Not only are more black people poor—1 black in 3 compared to 1 white in 10—but they now represent 31.5 percent of the poor compared to 27.9 percent in 1959. They are also poorer, on the average, than their white counterparts; the typical poor black family's income was $1,300 below the poverty line, the average poor white's was $1,000 below.

Now, one of the problems germane to rural poverty, of course, is housing. And on this area we have not done very well at all.

More than 20 years after Congress pledged "a decent home for every American family" at least 8 million homes—two-thirds of them rural households—are substandard. Usually the homes of the rural poor lack central heating; few contain all plumbing facilities, many are so dilapidated that they compare with the most squalid dwellings in economically underdeveloped lands. A survey by the Tufts-Delta Health Center of the homes of residents in Bolivar County, Miss., shows that only three of every 10 units have piped water, only one in four a bathtub or shower, seven of 10 have "sunshine" privies—no pit, no permanent siding, no rear wall. In winter, some families are forced to cannibalize their own homes—to tear boards from the walls for firewood.

Yet, only about 19 percent of all Federal housing funds goes to rural areas, and most of that falls too short of reaching the poor. In fiscal year 1970, the Farmers Home Administration made housing loans and grants totaling $791.5 million, up 55 percent from the preceding year. Half went to families with incomes of $10,000 or more; only 5 percent went to families earning $3,500 or less. FHA's standards exclude families whose mortgage payments would be much less than the rent they now pay for their hovels, as well as those families who could afford to build structurally sound low-cost houses with basic, but minimum water and sanitation facilities. An estimated 13.5 million new and rehabilitated housing units are needed in the next 10 years in rural America. Of these, 7 million, or 700,000 a year, must be subsidized. At the current rate of 120,000 units a year one-sixth of the necessary pace; it will take more than 50 years to meet the rural housing famine.

Now, what are organizations such as the National Sharecroppers Fund's southern rural project and others doing in trying to reverse these particular kinds of trends that have been outlined and working with these particular problems?

Now, we are in the business of working for what we call a rural rennaissance and that is more or less a rural people's rennaissance because actually, the many people who are leaving the rural areas and going to the cities are the people who are being driven off the lands and these are the poor people.

Now, pervasive signs of environmental decay have fractured the myth—we hope, at any rate, that mechanized mass production methods best serve the Nation's food and fiber needs. Unless alternatives are found, the destruction of resources, disruption of communities, and waste of human lives will continue unabated.

During the last decade, a grassroots movement has emerged among poor people in the rural South that offers them a chance for a new start in their own communities. Thousands have joined together in more than 100 farming, consumer, handicraft, and small industrial cooperatives in order to help themselves. These enterprises provide an alternative to migration or starvation, strengthen participation by poor in local politics by alleviating economic dependency, and offer a model of rural reconstruction. Their duplication on a national scale could lead to the decentralization of cities into smaller and more balanced communities sharing the best features of both rural and urban life. To survive and grow, these efforts will need a comprehensive program, and aid including development caiptal, education and job training, health care, and housing. And this means a new Government policy in agriculture that puts people ahead of profits, and the quality of life ahead of the continuing proliferation of commodities.

The National Sharecroppers Fund began comprehensive rural development programs in two key areas in 1970. With financial and technical assistance from NSF, 300 member farmer cooperatives in both Halifax County, Va., and Burke County, Ga., are shifting from tobacco and cotton crops to high-yield, labor-intensive vegetables cultivation and experimenting with organic methods.

Finally, I would like to say a word about—and this is not included in the report—the vehicle which organizations such as the one that I was employed by, the National Sharecroppers Fund, have used to deal with the problem, and that organization, of course, is like the low-income cooperative, and I think you heard testimony in Montgomery from John Brown, who is head of SEASHA. I am sure he filled you in on what the cooperative is designed to do. Basically, these are self-help efforts wherein low-income people, have come together for the purpose of trying to solve their own socioeconomic woes. Thousands of people throughout the rural South have become a part of this grassroots movement in our area.

Now, the cooperative idea is not new in that I guess everybody is familiar with the cooperatives that sprang up in the Midwest during the depression, but for low-income rural people, this is a brandnew idea. It is an idea that we have given an awful lot of enthusiasm to.

Now, it promises much, its potential is great, but like anything new, it must be given adequate time and adequate support if it is expected to succeed.

Now, we are a long way from perfecting the low-income cooperative as a viable economic alternative to rural poverty. But we have begun.

Now, even though we have begun, there are already ominous signs on the horizon that the Government is about to move against us. The Office of Economic Opportunity, through which most of our cooperatives have secured funding, and in most cases inadequate funding, has begun to grumble because with the meager dollars it has put into the cooperative movement in the Southeast, we have not been able to perform miracles. Once again the poor are expected to do overnight what the rich and the established have taken years to do.

The Office of Economic Opportunity is now about to expend $400,000 in taxpayer's money to study and evaluate the rural cooperative movement. We are but days old and already we are to be evaluated. Although only a handful of dollars have gone into the rural cooperative movement in the Southeast, the Office of Economic Opportunity is seeking now to evaluate us against EDA and OEO special impact programs into which millions of dollars have been poured.

We will not meet the OEO criteria for success just as poor and black rural people do not meet the FHA criteria for loans. And in the end the OEO will say that the rural cooperative movement, the low-income rural cooperative movement in the Southeast, has been objectively studied and found to be unworkable, thus not to be supported with OEO dollars.

Once again, the rural poor of our region will have their hopes raised and then the rug pulled out from under them.

Now, I would like to conclude with a quote from Senator Mondale, who is the chairman of the Subcommittee on Migratory Labor, and this is August 15, 1970, and I quote:

> We have our committees, and we have our meetings, and we have our hearings, and sometimes we even pass legislation. But somehow it does not seem to get down to the folks and make any difference in their lives, because they are not in a position to demand that the programs we dream up in Washington are properly responsive to their needs.

Senator HUMPHREY. Thank you very much, Mr. Peace. I want to thank you for a very carefully documented listing of some of the economic and social problems that afflict a large number of our people.

May I just give you one assurance. Senator Mondale is my close personal friend and my senior Senator. He was my campaign manager in southern Minnesota when I first ran for the Senate, was my student in McAlester College when I was teaching there, but I am his junior Senator now. Such is life. [Laughter.] But this committee is determined to do a job that will enhance the quality of life, not just the quantity of life. We are not empowered by jurisdiction of law to take on every problem.

We have other committees in the Congress. But I want you to know that when it comes to these self-help cooperatives that you have a friend. I speak for myself. I do not believe that it is fair to evaluate the work of an institution that is trying to help the poorest of the poor and oftentimes the least educated through no fault of their own to give them the acid test the first year. I must confess that I am of the same view that frequently the standards that we apply for loans and assistance are standards that have been designed by people of middle income, upper income, that really have no appreciation of some of the problems that affect others of less means.

Therefore, we are here to learn and I think that your testimony helps us a great deal. I will take a very active interest in what you have had to say.

Mr. PEACE. I thank you, Senator.

Senator HUMPHREY. And I want to thank you for your testimony. All of it will be included in the record.

Senator TALMADGE?

Senator TALMADGE. Thank you for your testimony, Mr. Peace. I have no questions.

Senator HUMPHREY. Senator Allen?

Senator ALLEN. Thank you, Mr. Peace. I have no questions.

Senator HUMPHREY. Senator Gambrell?

Senator GAMBRELL. I have no questions.

Senator HUMPHREY. You inform us that there is no OEO figures being paid.

Mr. PEACE. Yes.

Senator HUMPHREY. Your figure of $300,000 is essentially accurate?

Mr. PEACE. Yes, I believe so. We think that money could be better used if it were put in the program rather than put in the studies.

Senator HUMPHREY. I think we have got enough studies to fill 40 libraries.

(The report of Mr. Pierce is as follows:)

THE CONDITIONS OF FARMWORKERS AND SMALL FARMERS IN 1970—REPORT TO THE NATIONAL BOARD OF NATIONAL SHARECROPPERS FUND

(By James M. Pierce, Executive Director)

> "A method of funding priorities that provides a sprinkler system for a Mississippi golf course and denies a community the opportunity to give its babies clean water—or protect them from burning to death—is criminal."—Andrew B. James, Director, Tufts-Delta Health Center, Mound Bayou, Miss.

> "We have our committees, and we have our meetings, and we have our hearings, and sometimes we even pass legislation. But somehow it does not seem to get down to the folks and make any difference in their lives, because they are not in a position to demand that programs we dream up in Washington are properly responsive to their needs."—Senator Walter F. Mondale, Chairman, Senate Subcommittee on Migratory Labor.

THE YEAR IN BRIEF

1970 was the year in which many Americans examined anew the costs of achieving efficiency in agriculture through bigness. In the name of "the most efficient agriculture in the world," federal policy for thirty years had abetted through sumptuous subsidies the growth of bigger and richer farms. Millions of small operators had been driven off the land as much the victims of government policy as of competition. With little education or hope they had crowded into the great urban centers, adding to the crisis of poverty and racism, social tension and violence, pollution and deteriorating services. Now Americans learned that the race towards bigness was also depleting and pollution in the soil, water, atmosphere, and food through excessive use of hazardous pesticides and fertilizers.

Survival demanded both an ecologically balanced system of production and the revitalization of rural life, but neither was on the government's agenda. The rural poor continued to suffer from the meagerest diets, the lowest incomes, the worst unemployment, the most dilapidated housing the least adequate medical care, and the most blatant racial discrimination. Almost every government attempt to help had been transmuted into a device either to make the rich richer and the poor poorer or to regulate and pacify the poor with token assistance.

Progress came primarily from the efforts of the poor themselves in organizing unions, small farm cooperatives, and other self-help projects. The victory won this year by California's grape pickers in the United Farm Workers Organizing Committee raised the hopes of many struggling to overcome rural poverty and deprivation. These gains represented significant steps toward a livable environment for all.

THE VANISHING SMALL FARMER OR IS THE SMALL FARMER OBSOLETE?

The exodus of small farmers continues, while government agricultural policy remains attuned to the interests of large farmers. More than 2.7 million farmers nearly all of them small operators, have abandoned farming or sold out to bigger competitors since 1950. Only about 2 million small farms are left now. Between 1950 and 1970 the total number of farm residents has declined from 23 million to 9.7 million people.

The Department of Agriculture (USDA) keeps growing bigger as farm population dwindles. Between 1950 and 1970 USDA appropriations rose from $2.3 billion to $7.5 billion and its staff grew from 84,000 to 125,000. Most of USDA's money and time are devoted to expanding and improving the operations of the one million farmers with gross sales of $10,000 or more whom its officials consider serious commercial producers.

SUBSIDIES

USDA acreage reduction and price support programs bestow the biggest subsidies on the largest farmers. In 1970, the top 137,000 farmers or less than 5 percent of all farmers, received 46 percent of the $3.7 billion in subsidy payments. A California cotton producer led with $4.4 million, eight other operations received $1 million or more, and 23 got $500,000 or more.

The prosperity of big farmers has also been financed by USDA research programs through their development of new crops fertilizers pest controls irrigation techniques, and labor-saving machinery suitable primarily for large-scale agriculture. Big operators have enjoyed a host of other government subsidies, many of them hidden. Large landowners, especially in the West, have reaped windfalls in land appreciation from federally financed irrigation systems and a vast network of dams and canals built by the federal government. In many cases, the government has helped landowners make new lands fertile while at the same time paying them not to grow crops. The most significant hidden subsidy to big farmers is a labor subsidy; exclusion of farm workers from the protection that apply to other workers such as workmen's compensation, unemployment insurance, and collective bargaining has kept their labor costs among the lowest in the nation.

RICH FARMERS BENEFIT

This multiplicity of subsidies have hastened the penetration of the farm economy by ever-larger units and the growth of corporate farming. Twenty years ago the average farm size was 215 acres, today it is estimated to be 387 acres. The nation's 40,000 largest farms—less than one percent of all farms—accounted for at least one-third of all agricultural production. Farm prices in 1970 fell to 67 percent of parity, the lowest since the Depression, but many of this size, still earned a 10 percent return on investment—the average in farming is 3 percent—comparable to the profits of major industrial corporations.

The Agriculture Act of 1970 leaves farm policy basically unchanged. The new legislation sets limits of $55,000 per crop on subsidies in wheat, feed grains, and cotton. But it still rests on a system of planned scarcity and a subsidization process that widens the gap between big and small operators. Already large cotton growers are resorting to a variety of legal maneuvers—such as splitting their holdings among family members so each can get a check—to keep on qualifying for maximum payments. Total expenditures for subsidy programs are expected to continue at the present rate.

DISCRIMINATION IN FARM PROGRAMS

All small farmers have suffered from government policy, but black farmers have been the chief victims. In 1950, there were 560,000 black operated farms today there are only 98,000. In the same period, the total black farm population fell from 3,158,000 to 938,000 the average annual loss was 10.5 percent compared to 3.9 percent among whites.

USDA has been repeatedly found guilty of discriminating against blacks. (Six years after the passage of Title VI of the Civil Rights Act of 1964, banning discrimination in federally assisted programs, authority to enforce Title VI at USDA is still left largely in the hands of the very program administrators whose agencies are in violation of the law. The worst rights offender among USDA Assisted Programs is the Cooperative Extension Service (CES). A recent audit of the operation of the Alabama CES conducted by the Inspector General's Office of USDA found the situation unimproved since the passage of the Civil Rights Act of 1965. Black county agents assigned work on a racial basis are subordinate to white agents, and often have heavier work loads in areas of large blacks population. Deprived of adequate services black farmers remain handicapped by outmoded techniques and low producitvity.

Blacks are still virtually unrepresented on the *Agricultural/Stabilization and Conservation Service's* locally elected farmer committees which determine crop allotments and price support payments. There are only three black members among the 4,000 county-level committeemen in the South, less than one-tenth of the one percent in a region where blacks are from 10 to 20 percent or more of the farm operators and where then comprise a majority in 58 counties.

The Farmer's Home Administration (FmHA) USDA's credit agency for low-income rural people, has steadily improved black representation on its county committees and has noticeably increased black participation in its low-interest loan programs. Yet the help that it does provide black farmers is unequal to that given whites who are similarly impoverished. In 1969, the average size of operating loans received by black borrowers was $2,226 while loans to whites averaged $5,928. The average size of economic apportunity loans was $1,319 to blacks, $2,281 to whites.

MIGRATION PERSISTS

The migration of blacks out of the South continued during the last decade at nearly the same pace as in the 1940s and 50s. The 1970 census estimates show a net migration from the 16 Southern states of 1.4 million blacks in the 1960s, as compared with 1.5 million in each of the previous decades. Migration—primarily to and Northern urban states—was at an annual rate of 140,000. Earlier predictions that the movement out of the rural South had diminished assumed that black Southerners were finding more jobs in their own region as a result of economic growth and federal equal employment laws. The new data suggest that blacks have NOT been able to break through job barriers in significant numbers.

HIRED FARMWORKERS

Agriculture is still one of the nation's largest employers. About 2.5 million persons did some hired farm work in 1970, a decrease of 4 percent from the 2.6 million in 1969. Of these, about 1.1 million were casual laborers, who worked less than 25 days, and 1.4 million were noncasual workers. The number of migrant workers ranged from the government's low estimate of 196,000 to half a million estimated by the United Farm Workers Organizing Committee. (Migrants are not counted in any official census). For an average of 80 days of farm work hired farm workers earned $887 in cash wages. The 1.4 milion noncasual workers averaged 137 days and earned $1,519 from all sources. Domestic migratory workers averaged 123 days and earned $1,697. Nearly 1.5 million persons did farm work only, averaging 102 days and earning 1,063 dollars. Approximately 535,000 farm workers are now covered by the $1.30 minimum wage. The annual composite hourly farm worker's wage rose to 1.42 in 1970 from $1.33 in 1969, yet was only 42 percent of the average factory worker's wage. Despite the establishment of a federal minimum wage for farm workers, their relative wage position has not improved appreciably during the last twenty years.

ACCIDENTS

Farm work remains one of the most hazardous occupations. Agriculture ranked second, behind only the construction industry, in work related deaths in 1969, the latest year for which figures are available. Even though, with the phasing out of DDT, chemical pesticides are still a major danger to farm workers and their families. In California alone, one in every six farm workers annually suffers injuries due to pesticides. Parathion, a nerve gas derivative, and other organo phosphates endanger the health of workers in and around Florida's citrus groves.

FARM LABOR ORGANIZING

In July 1970, when the United Farm Workers Organizing Committee (UFWOC) signed contracts with most of California's table grape growers the event climaxed nearly a century of futile efforts to organize the people who harvest the nation's crops. Farm workers were either too poor to strike or too itinerant to organize. And when they protested, vigilantes, often joined by the law beat them down. A combination of factors made the UFWOC breakthrough possible: skillful organization and leadership, the ability to link economic demands with the broader movement for dignity and social justice, and wide support of the two year grape boycott by labor, church, civic, and civil rights organizations. The contracts, which cover about 10,000 vineyard workers, call for an hourly wage of $1.80 in 1970 and increase to $1.95 in 1971 and $2.05 in 1972. In addition, they provide for incentive payments of 20 cents for each box of grapes picked, grower contributions of 10 cents an hour to the union's health and welfare plan, and 2 cents for each box to the economic development fund (used chiefly to build housing for retired field workers). Jobs are assigned through the union hiring hall, thus eliminating the need for labor contractors and crew leaders. The contracts also set up joint worker-grower committees to regulate the use of dangerous pesticides and guarantee that delivered produce will contain no more than tolerance levels of pesticides.

Even as the grape contracts were being signed, UFWOC was getting involved in another major battle. In August, 7,000 workers walked off the Salinas Valley lettuce fields after growers refused to hold secret union elections and signed backdoor agreements with the Teamsters Union. Following a court injunction against all strike activity in the Salinas area, UFWOC leader Cesar Chavez announced a nationwide boycott of non-union lettuce grown in California and Arizona. By the end of the year, four large lettuce companies—InterHarvest (United Fruit), Fresh Pict (Purex), Pic n Pac (S. S. Pierce Co.), and D'Arrigo Bros.—had rescinded their contracts with the Teamsters and signed with UFWOC.

While farm workers in California are making significant progress the great majority of farm workers are still unorganized. UFWOC's organizing successes in the West will need to be duplicated in states like Texas and Florida, before farm unionism wields the bargaining power necessary to inaugurate a truly new era in American agriculture.

CHILD LABOR

A substantial segment of agriculture still depends on child labor; one fourth of farm wage workers, or as many as 800,000 are under 16, some as young as 6 years of age. In Aroostook County, Maine, 35 percent of the potato acreage was harvested by crews composed largely of children. In the Willamette Valley of Oregon, 75 percent of the seasonal force of strawberry and bean harvesters were children. An investigation by the American Friends Service Committee of child labor abuse found conditions reminiscent of sweatshops of the 1930s, with children stooping and crawling through fields sprayed with DDT in 100-degree heat for 10 hours a day to harvest crops.

Most children of farm workers suffer serious educational disadvantages. The impact of the federal education program for migrant children, according to a study by the National Committee on the Education of Migrant Children has "not dented indifference to and neglect of migrants on the part of cities and states." While children went hungry and untreated medically, $17 million of budgeted federal funds were turned back unused by the states.

MIGRANTS AND FEDERAL PROGRAMS

Poor health, squalid housing, and powerlessness continue to be the lot of migrant workers. Federal programs designed to help, lack adequate funding and are administered by state and local bodies, often unresponsive to migrant needs.

The migrant's life expectancy of 49, twenty years less than the average, reflects the gap between the medical care he gets and that received by most Americans. While the average person now pays about $300 per year for health services, only $15 is expended for each migrant under the government's Migrant Health Program. Bad and unsanitary housing adds to the misery of migrants. Since 1962, the Migrant Housing Program has produced 7,300 units which meet only 2 percent of the total need, and has used only 30 percent of the funds available.

Major federal programs to aid poor people, like food assistance, also serve migrants poorly, if at all. A 1969 study of food assistance programs showed only 16 percent of the migrants in Texas participating, less than 2 percent in Michigan, and less than .001 percent in Wisconsin. The Farm Labor Service, originally created to help farm workers get the best jobs available, often assists in their exploitation. A suit brought by the California Rural Legal Assistance (CRLA) charges that the Farm Labor Service offices in that state serve to depress wages and working conditions, primarily through the device of referring a surplus of workers to growers who violate minimum wage and health laws.

One of the few federally funded efforts that have advanced the interests of farm working, CRLA, was in grave danger in 1970 as the big growers and Governor Ronald Reagan of California pressured a wavering Administration in Washington to cancel the program.

LEGISLATION AND GOVERNMENT HEARINGS

Congress voted to extend unemployment compensation coverage to an additional 4.8 million workers, but refused once again to include farm workers. Meanwhile, big grower spokesmen continued to oppose meaningful coverage of farm workers under the National Labor Relations Act. While the AFL–CIO continues to press for their inclusion, UFWOC believes such coverage would weaken its powers because the present NLRA outlaws secondary boycotts. The operations that employ most of the workers in agriculture are too big and diversified to be brought under effective economic pressure by the strike tactics allowed by the NLRA. Instead, UFWOC favors a return to the original Wagner Act which set up the NLRA in 1935 and under which union organization expanded greatly.

Senator Edward Kennedy introduced a bill to curb continuing and widespread employment of illegal entrants, mostly from Mexico by making farmers who hire them subject to prosecution. Alien workers, willing to accept lower rates of pay than residents, still constitute a serious problem; in the twelve months ending June 30, 1970, over 58,000 aliens working in agriculture were deported.

POVERTY CENSUS RISES

For the first time since 1959, the number of Americans living in poverty increased. In 1970, the poverty census climbed to 25.5 million, up 1.2 million from 1969, according to federal figures. Conditions for the rural poor are getting worse—especially for blacks who, as a group, are falling farther behind whites. Not only are more black people poor—one black in three compared to one white in ten—but they now represent 31.5 percent of the poor compared to 27.9 percent in 1959. They are also poorer, on the average, than their white counterparts: the typical poor black family's income was $1,300 below the poverty line; the average poor white's was $1,000 below.

HUNGER: HALF A BOWL IS NOT GOOD ENOUGH

A government that spends billions to rid itself of the effects of abundance was still unwilling to put an end to hunger in America, as President Nixon had promised in 1969. Even with the unprecedented expansion of food stamp rolls from 3.6 million to 9.5 million persons during the year, fewer than one hungry person in three got stamps. All federal food programs reached less than half of the nation's poor. The increase in food assistance appropriations from $1.2 billion in fiscal year 1970 to $2.8 billion for 1971 fell far short of the estimated $8 billion that it would take to overcome hunger and malnutrition. Besides inadequate financing, restrictive features in guidelines and obstruction at the local level combine to cheat the poor of their rightful benefits.

Congress voted $1.5 billion for the food stamp program for fiscal year 1971, more than twice the previous appropriations at the same time, a "must-work" provision was added that may force thousands off the rolls. The new law also sets a $110 monthly stamp ceiling for a family of four—only 30 cents a meal per person—which may reduce allotments for many more. Practically every county in the nation has a food assistance program, but "paper program" counties persist where local officials' hostility and lack of outreach confine participation to a small portion of the eligible poor. Local indifference is acute in many areas where 3.7 million of the poor still depend on commodity distribution.

The National School Lunch Program Act now provides for mandatory free and reduced price lunches for children from families at or below the poverty level, but only 5 million of the more than 9 million children were receiving such meals by the end of 1970. Many school officials illegally deny benefits to poor children or subject them to flagrant discrimination.

HOUSING PROMISES BETRAYED

More than twenty years after Congress pledged "a decent home for every American family at least 8 million homes—two-thirds of them rural households—are substandard. Usually the homes of the rural poor lack central heating; few contain all plumbing facilities, many are so dilapidated that they compare with the most squalid dwellings in economically underdeveloped lands. A survey by the Tufts-Delta Health Center of the homes of residents in Bolivar County, Mississippi shows that only three of every ten units have piped water, only one in four a bathtub or shower, seven of ten have "sunshine prives—no pit, no permanent siding, no rear wall. In winter, some families are forced to cannibalize their own homes—to tear boards from the walls for firewood.

Yet only about 10 percent of all federal housing funds goes to rural areas and most of that falls too short of reaching to poor. In fiscal year 1970, the Farmers Home Administration made housing loans and grants totaling $791.5 million, up 55 percent from the preceding year. Half went to families with incomes of $10,000 or more; only 5 percent went to families earning $3,500 or less. FHA's standards exclude families whose mortgage payments would be much less than the rent they now pay for their hovels, as well as those families who could afford to build structurally sound low-cost houses with basic, but minimum water and sanitation facilities. As estimated 13.5 million new and rehabilitated housing units are needed in the next ten years in rural America. Of these 7 million or 700,000 a year must be subsidized. At the current rate of 120,000 units a year—one-sixth of the necessary pace—it will take more than fifty years to meet the rural housing famine.

WELFARE: REFORM OR REGULATION?

Welfare rolls rose more sharply than ever in 1970, a total of 12.5 million people—or six percent of all Americans. Feeding the relief explosion is a steady flow of millions forced to migrate from the country-side to the cities.

Benefits, though increased during the 1960's are still meager and are lowest in those states where rural deprivation is most prevalent. In Mississippi for example, families receiving aid to Families with Dependent Children are expected to survive on $564 a year, and in Louisiana on $1,000 a year. The national average is $2,160. Many of those eligible are arbitrarily excluded from coverage by local welfare boards. A USDA survey of rural poverty in the Mississippi Delta, found only 11 percent of the poor families on public assistance. (Nationally probably more than half of those who should be receiving assistance are not).

The Administration's Family Assistance Plan (FAP) would eliminate local discretionary authority and reduce inequities by guaranteeing a minimum national allowance of $2,300 for a family of four. At the time, the FAP would subject the poor to another form of regulation by establishing an elaborate system of penalties and incentives to force recipients to work. With jobs scarce, this requirement would promote severe economic exploration of the poor and repress existing wage standards. As an alternative, the National Welfare Rights Organization is calling for a minimum annual income of $6,500 based on a government estimate of the amount needed to maintain a low-cost living standard.

TOWARD A PROGRAM FOR RURAL RECONSTRUCTION

Pervasive signs of environmental decay have fractured the myth that mechanized mass production methods best serve the nation's food and fiber needs. Unless alternatives are found, the destruction of resources disruption of communities, and waste of human lives will continue unabated.

During the last decade a grassroots movement has emerged among poor people in the rural South that offers them a chance for a new start in their own communities. Thousands have joined together in more than 100 farming, consumer, handicraft, and small industrial cooperatives in order to help themselves. These enterprises provide an alternative to migration or starvation strengthen participation by poor in local politics by alleviating economic dependency and offer a model of rural reconstruction. Their duplication on a national scale could lead to the decentralization of cities into smaller and more balanced communities sharing the best features of both rural and urban life. To survive and grow, these efforts will need a comprehensive program and aid including development capital, education and job training, health care, and housing. And this means a new government policy in agriculture that puts people ahead of profits, and the quality of life ahead of the continuing proliferation of commodities.

The National Sharecroppers Fund began comprehensive rural development programs in 2 key areas in 1970. With financial and technical assistance from NSF, 300 member farmer cooperatives in both Halifax County, Virginia, and

Burke County, Georgia, are shifting from tobacco and cotton crops to high yield, labor intensive vegetables cultivation and experimenting with organic methods. Farm families who otherwise would have been uprooted, are also planning new housing, health and child care facilities, and other self-help projects. In addition to its field programs, NSF works to make government more responsive to the needs of the rural poor supports the efforts of farm workers to organize and secure the right to bargain collectively and carries on an extensive educational program to inform the public of the facts of rural poverty and the measures necessary to end it.

Senator HUMPHREY. The next witness is the distinguished mayor of Claxton, Ga., Mr. Perry DeLoach. He is accompanied by his city administrator, Ralph Roberts, city engineer, Charles Etheredge, H. C. Hearn, Jr., C. E. DeLoach, Jr., all members of the APDC in Evans County, Ga. We surely will welcome this distinguished delegation.

STATEMENT OF PERRY LEE DeLOACH, MAYOR, CLAXTON, GA.

Mr. DELOACH. Senators Humphrey, Allen, Talmadge, and Gambrell and Mike McLeod, we would like to extend to each of you a welcome to Georgia and I would like to introduce the gentlemen that are here with me. Ralph Roberts, city administrator, C. E. DeLoach, Mr. Etheredge, H. C. Hearn, Jr.

Senator TALMADGE. Senator Humphrey must depart for Minnesota at this point, so if you will permit the committee to take about a 3-minute break, we will immediately return to the hearings and at that time Senator Allen, next ranking member of the subcommittee, will take the Chair as presiding officer.

Senator HUMPHREY. Before I depart from this chair, may I thank the people of Tifton for their many courtesies. This is my second visit here. I was here under other auspices back in 1964 and standing out on a flatbed truck, but trying to convince a certain number of people to walk the paths of political righteousness, and may I say to very little avail at the moment. But I come back on a happier occasion and I do want to say in the presence of the two distinguished Senators from this State that it is a joy to be here and the courtesy and the kindness and hospitality of the people is something I will cherish all of my life.

I want to thank all of you very, very much.

I am sorry I have to go home but I have two reasons. I have a meeting and the main reason is I have a wife and both of them have suggested, one of them with considerable charity and persuasiveness, the time is at hand to return to the household. So, I will have to leave.

Mayor DELOACH. It has been a privilege to have you in Georgia, Senator.

Senator HUMPHREY. Thank you [Applause]

(A recess was taken.)

Senator TALMADGE. Let the committee come to order.

Senator Allen of Alabama is acting as chairman.

Senator ALLEN. (now presiding). Mayor DeLoach, we are delighted to have you and your associates appear before this subcommittee and we look forward to hearing your testimony. If you would proceed, please.

Mayor DELOACH. Thank you Senator. In an opening statement, before I go to the prepared statement, we have brought to you a report on the problems that we have in Claxton and Evans County and some of the means by which we think you might help us solve them. We do not profess to have all of the answers. We are merely here to tell you our side of the story.

Claxton is the county seat of Evans County with a population of 2,669. Evans County has a population of 7,290. Both Claxton and Evans County, Ga., are typical rural communities. Evans County is agriculturally oriented and highly mechanized, thus, leaving our young people without work. The 1970 census reflects that Claxton has lost a net of three people and Evans County only gained 338. In the 10-year period 1960 to 1970 our schools graduated 1,340 students and an additional 300 students were dropouts.

Our first and the foremost problem we have witnessed in our quest of assistance has been Federal Government redtape. The primary concern of all communities in the United States is the availability of an adequate water supply and distribution system. It is a major concern and extremely expansive for a community to offer these services.

In this area the Federal Government must assist the small communities throughout the Nation. Grants are now available; however, the amount of matching funds that must be put up by the local governments vary anywhere from 25 to 75 percent. The Economic Development Administration has a good program but unfortunately, Evans County is not eligible. Farmers Home Administration will not consider industrial fire protection or water use for industry. The only remaining agency is Housing and Urban Development, which in turn refers us to Farmers Home Administration by an interagency agreement.

After a small community is successful in finding a program that it can afford and wishes to take advantage of, the fight has only begun. Distance of district agency offices from small communities is only the beginning. After several 250-mile trips to the district agency offices fighting redtape on each trip is in most cases all that is necessary to cause most small communities to give up in disgust.

This, in my opinion, typifies Federal Government redtape. If necessary, new legislation should be enacted to create a single agency to which rural America can turn for assistance. These programs should be broad enough in scope to be of assistance, yet simple enough that rural American communities do not have to hire personnel just to study Federal programs.

The Area Planning and Development Commission can play a major role in the area development. However, we are again faced with the problems of not knowing what programs are available. The planning commissions are understaffed and only respond when called upon by local governments. Thus, we are again faced with the same problem of not knowing fully what programs are available.

There has never been a time in America's history that the need is as great as now for rural America to play a major role in the future of this great Nation.

Rural America holds the key to America's needs. The Congress of the United States has the opportunity to use this key to correct this Nation's ills by directing and/or enacting badly needed new programs without Federal Government redtape designed for rural America under one agency.

As of now the rural communities are dying from lack of employment opportunities. Our young people are having to go to the already crowded larger cities to secure employment. This process is only compounding the problems of these cities. Claxtan, Evans County, Ga., has already begun doing the things necessary to make our community attractive to our young people and thus make them want to stay at home. We have constructed good schools in which they can receive an education, churches to give them a proper Christian attitude toward their fellow man, hospitals for treatment of their physical needs, an excellent police department to give them security, a unified city-county sanitation department to give them a clean place in which to live, a recreation department to help build the physical body and teach sportsmanlike conduct. Yet, we are still faced with the staggering loss each year of 77 percent of our 140 graduating seniors. This reflects the need of the top students for higher education and better job opportunities. This is a tremendous loss in terms of brainpower, manual skills and potential taxpayers. Rural governments are faced with the cost of educating these students and does not receive any appreciable return on its investment.

We are proud of our community accomplishments, yet, we are still faced with many problems, none of which is greater than the lack of job opportunities for our young people.

Recently the people of Claxton and Evans County have purchased a 35-acre tract of land for the development of industry. We are now faced with the staggering problem of securing needed moneys for the installation of adequate water and sewage to this site; and adjacent areas which will soon be annexed by the city. Our preliminary engineering report indicates that adequate water and sewerage for all areas in Claxton will cost approximately $4,147,100. The need for such some of money made it necessary for Claxton to postpone all plans indefinitely. This again, I believe, indicates the need for a single Federal agency geared to rural America's needs.

Another tool in our fight for industry and survival is the formation of a city-county airport authority to manage our airport. This authority has built a new hangar and passenger terminal, hired a full-time operator and made plans to light the runway this year.

There is not, to our knowledge, either a Federal or State agency to which a rural community can turn to seek assistance for improvement in fire-fighting equipment. In order for rural America to compete for industry in today's market it must offer adequate fire protection. Claxton and Evans County are in a serious position with regard to providing adequate fire protection for its citizens and industries. The city equipment is outdated and inadequate and must be replaced within the next 12 months. The cost of a modern 750-gallon-per-minute pumper is approximately $25,000 and the city has not budgeted funds for this equipment nor will funds be available within the foreseeable future. If the trend is to be reversed, and people do come back to the rural areas, then some type of assistance has to be made available to rural communities in order for them to meet the demand for fire protection. Without proper fire protection, the insurance rates are absolutely prohibitive, so consequently, industry is most concerned with this problem. A Federal program patterned after the LEAA program but pertaining to fire protection, would greatly improve a city's ability to provide adequate equipment for fire protection.

Under a recent citation by the State of Georgia Water Quality Control Board, Claxton and Evans County were forced to abandon and ordered to seal their open pit dump. Even though this change was ordered by the State agency, we cannot find any program, State or Federal, to assist with the cost of this operation. By virtue of this order the formulation and implementation of city-county sanitation system is now a reality, funded solely with local funds. Through this system, we are able to serve all of the citizens of Claxton and Evans County. The principal method of collection is with 140—3-yard metal containers, strategically located throughout the county and within easy reach of all citizens. In addition to efficient and sanitary disposal of solid waste from residential areas, we have, through this system, been able to assist all businesses and industries with accessibility to containers, thus expediting the collection and disposal of waste from these sources. The ultimate disposal is in a 34-acre sanitary landfill located in the heart of Evans County.

If rural America is to comply with the requirements of State and Federal Government in disposal of their waste, it is apparent that help must be given to these communities. The initial cost of this system to Claxton and Evans County was some $150,000. Our annual expenditure will be in excess of $50,000. This is, to say the least, a heavy burden for rural communities. A Federal assistance program through the Agriculture Department, would be most welcome in helping to defray the cost of these operations. We sincerely hope that consideration will be given, in some form of assistance, to rural communities.

Claxton-Evans County joins the rest of the Nation in having a very critical housing shortage at all income levels. The availability of houses to either rent or purchase is practically nonexistent and adds a tremendous push to the out-migration of people to urban areas.

The problems of providing housing are many and varied for rural communities, and are at times almost insurmountable. Private developers cannot realize as great a return on their investment as they can in large cities, so they tend to avoid small rural communities. The costs and problems of houses in rural America are almost as great as in cities; however, the income level for 80 percent of the citizens in rural America is substantially below the national average. This produces hardships for potential homeowners in attempting to pay the high interest rates, exremely high building costs and other related charges.

The Farmers Home Administration programs are restrictive in the size of the house, the amount of income a family may have, and offers little, if any, help in aiding cities to provide water and sewer facilities to residential districts. Federal programs should be set up to provide financial assistance to rural communities across the Nation. This legislation should take into account and help provide a solution for the problems of housing that are unique to small cities of 7,000 population and under.

I do not feel that I can emphasize enough the need for revitalizing existing legislation or the enactment of new legislation to create an agency solely for the purpose of assisting rural America in her fight for survival. If we are to reverse present trends, it is essential that such agencies be created. The key to the survival of this country is to create jobs in rural America. We sincerely hope that you will see fit to assist us in our fight for survival.

Senator **Allen**. Thank you, Mayor DeLoach, for your fine testimony. I think that you have certainly pointed up some of the problems affecting rural America and the small towns in rural America. At the same time, I believe even though this testimony was probably prepared before the introduction of the Talmadge-Humphrey bill, setting up a rural development credit system——

Senator **Talmadge**. Bank.

Senator **Allen** (continuing). I feel that it makes out a very, very strong case for the need for such a bank, such a credit system, because it is to provide money for small cities and towns that are not able to obtain loans, obtain grants, to meet their problems, and it does fit in just exactly, Senator Talmadge, with the problems that the mayor presents.

This bill that Senator Talmadge and Senator Humphrey have introduced provides for a Government corporation, a rural development credit system, modeled after the Federal land bank system and it calls for paying in $2 billion of capital by the Federal Treasury over a period of 10 years. This would enable the bank, the credit system, to go out into the private market and borrow money on debentures in the manner of the Federal land banks and the various farm cooperatives, to make loans of this sort. I feel that this is a much-needed piece of legislation and I feel that Senator Talmadge and Senator Humphrey deserve a great deal of credit for conceiving this idea and introducing this legislation.

Would you like to comment further on that, Senator Talmadge?

Senator **Talmadge**. Thank you. The chairman is a little overly modest. He cosponsored this bill also along with a majority of the members of the Committee on Agriculture and Forestry of the U.S. Senate.

I happen to know all of these witnesses as personal friends. I have been intimately associated with them in their efforts and their frustrations to relieve some of the problems there. I know of the forward-looking dynamism that the government of that city possesses in trying to do real things for their own constituency, but apparently under Federal procedures, regulations and laws at the moment it is a futile chase.

I am quite sympathetic because the redtape and frustrations that you encounter are what I encounter as a Senator daily. Our Government is so large and so complex and we have so many Federal agencies sometimes working at cross purposes until sometimes the left hand does not know what the right hand is doing.

About 2 years ago we got interested in job training programs in this country. Mr. McLeod was then my legislative assistant. He worked diligently with the Library of Congress day and night. We finally ascertained that we had approximately 19 different Federal agencies running some 30 different training programs. That shows you some of the complexities of our Government at the present time. And the President has authorized under existing law, to consolidate every one of those training programs into one agency, put them in one Federal agency.

I do not know why he did not do it. He should. Some of those training programs work reasonably well, some not at all.

So, it is a constant frustration and maze.

We hope with the creation of this rural development bank, if Congress approves, there will be one agency of the Government where the people can come to a plan that will assist in any worthy rural redevelopment program, that will enable the people to maintain their viability and attract industry and jobs and create opportunities.

I noticed with interest your statement that your high school graduates are leaving Evans County. It is going on in over half the counties in this State and most of the rural counties throughout America. You hear a great deal of talk about susidies today and they are always quick to criticize a subsidy to a farmer. They pack out the biggest payments and criticize that. But the greatest subsidy in America today is the fact that you have to spend about $20,000 educating a high school graduate in Evans County and then when that student finishes high school and reaches the productive stage of his life, he cannot live in Evans County and make contributions there because he has got to go elsewhere to look for a job. That is exactly what we are trying to correct.

Thank you very much.

Mayor **DeLoach**. Thank you very much.

Senaor **Allen**. This bank, the rural development credit system, in being designed on the order of the Federal land bank system and the bank for cooperatives, Production Credit Corporation, would envision that eventually the Government's capital would be repaid. Many people do not realize that the Government does not now have a dime invested in capital in any of the banks or associations of the farm credit system. All of that capitalization has been paid back to the Government.

So, these are sound operations and it would certainly be my thought that the Government would lose nothing on this investment, while at the same time, helping rural America to solve many of its pressing problems.

I note the population loss of your county and your town. It was very modest and I feel that the leadership that you all have furnished in Claxton and in Evans County has helped maintain that population at as high a level as has been maintained because you did not have a loss even though the gain was slight, and in more than half of Alabama's counties, there was a population loss in the last decade.

We, too, are exporting our greatest resource, the youth of our State, and we want to see job opportunities created just like you do in your city and your county.

I would like to ask if you do have any industry in your county.

Mayor **DeLoach**. We have two major industries, mostly employing unskilled. labor.

Senator **Allen**. I see. Well, are they textile or garment?

Mayor **DeLoach**. We have one garment and one chicken processing plant.

Senator **Allen**. I see, Now, how many employees in those——

Mayor **DeLoach**. Approximately 1,000 by the two combined.

Senator **Allen**. It would seem to me that if financing could be arranged whereby you could furnish to your citizens the proper convenience and services that the people need and require and that industry requires, and if you would be able to create more job opportunities for your people, that that would pretty well solve your problems. You have a fine citizenry, I know. Your people want to work. They have the will to work, they just lack the opportunity. That is certainly one of the functions of this subcommittee, to seek on the basis of information that we gather all over the country, to devise and to make recommendations to the Congress of ways and means of solving some of the problems of rural America. You certainly have outlined some of the problems and you have outlined the method of solving those problems. We feel that you have made an important contribution to the testimony that we are taking throughout our Nation. We appreciate it very much.

Mayor DeLoach. Thank you, sir.

Senator Allen. Any of you other gentlemen—Mr. Roberts, Mr. Etheredge, Mr. Hearn, Mr. DeLoach, do you have anything to add?

Appreciate your coming?

Mayor DeLoach. Thank you very much, sir, for allowing us to come.

Senator Allen. The next witness is Miss Sandra Myers, student trainee of the Rural Development Center, here in Tifton.

STATEMENT OF MISS SANDRA MYERS, STUDENT TRAINEE, RURAL DEVELOPMENT CENTER, TIFTON, GA.

Senator Allen. Have a seat, Sandra. You may proceed.

Miss Myers. To Senator Humphrey and members of the committee, I am Sandra Myers and my home is in Ocilla in Irwin County. The Irwin County line is located about 10 miles northeast of Tifton and borders Tift County.

I wrote my speech today with the help of a friend, Sandra Simpson, also of Ocilla. The reason for our writing this message is to let you know about Irwin County. We wanted to tell you about some of the good things the county is doing for its people, but also we wanted to let you hear about some of our needs and problems.

First of all, I must tell you that I am participating in a special program at Abraham Baldwin Agricultural College, that is designed to help me get more education. This program is jointly sponsored by the rural development center and ABAC. Funds for support of the project are provided by the Office of Economic Opportunity and the Rockefeller Foundation. I started in the program in January. It is a 1-year program for girls like me who dropped out of high schools for various reasons. There have been as many as 20 girls in the program. We are taking subjects that are required in high school such as math, English, literature, social studies, and science. We are also learning how to type, cook and sew. We all live together in a dormitory and have our own meeting room.

We will all take a test this December to try and get our high school diploma. We hope then we will be able to find jobs that will match our ability. We also want salaries that will supply our needs and that will be equal to the amount of education we will have.

As for my home county, there are really many things we can be proud of. Irwin County has two factories. One makes mobile homes and the other makes clothes. We have a lot of farm-related industries like peanut shelling and grain and milling companies.

My county's farm income totals $14 million a year and this money comes mainly from peanuts, hogs, tobacco, corn, cattle, soybeans and truck crops.

There are two things in the county that we are especially proud of now. The first is the new neighborhood center located in Ocilla. Both young people and old folks can use the building. Another thing that has helped the county is the Ben-Hill Irwin Vocational School, located on the Irwin and Ben-Hill County line.

Even with all these good things working for us in Irwin County, we still have many things that are needed. Senators, many homes in my county are not sanitary. Many do not have bathrooms in them. They do not have bathrooms in them, not because the people do not want them, but because their income is too low.

There is also a great housing problem in my home county. Black and white people both need more homes to live in. Some of the places they live in are not fit.

Poor streets and roads also present a problem in Irwin County. There are just too many holes in the streets and road work needs to be done. There have been promises to have all these streets fixed.

More money is needed in the rural areas of my home county to help make it more pleasant to live out there. Many people out there need help with their income. Many of the old people are living on nearly nothing. I know some people that do not have enough income to meet their food expenses. What are they supposed to do?

Ocilla is the county seat of Irwin County and many of the city workers there do not have enough equipment to do their work. Unless they can get the right equipment to do the job, how can they be expected to do the things that need to be done?

We need help in getting people concerned enough to do something about this. If we could get people to speak up, we might be able to solve some of these problems. Some people are afread to speak out because of their race or because they are poor.

That's no excuse, I know, because these people live there too, and it is only fair for them to speak up and tell someone that their problems where they live could be improved. They should tell other people they need help.

We need more help with our schools. We need young teachers who are more patient. I think teachers ought to be required to keep up with the times or retire. Where I live, there is also a great need for more books and other school equipment for students to use.

Senator Humphrey, I realize you might not be able to help us with all our problems, but I just wanted to let you know about some of them. There are things that Irwin County and other counties need that you might be able to help them get. We like living in the rural areas and would like very much to stay here. We think the conditions here are better than they would be in a city ghetto. We want to stay and we ask your help in supplying the needs that will allow us to stay here.

Thank you.

Senator ALLEN. Thank you very much, Miss Myers.

Senator Talmadge?

Senator TALMADGE. Thank you for your statement, Miss Myers. How old are you?

Miss **Myers**. Eighteen.

Senator **Talmadge**. When did you drop out of school?

Miss **Myers**. Well, it was 2 years ago that I dropped out.

Senator **Talmadge**. At what grade level?

Miss **Myers**. I was in the 10th.

Senator **Talmadge**. You were entering the 10th at the time?

Miss **Myers**. Yes.

Senator **Talmadge**. Do you expect to get your high school diploma this year?

Miss **Myers**. Yes; I hope so.

Senator **Talmadge**. Congratulations.

Miss **Myers**. Thank you.

Senator **Allen**. Just a moment, please. There is a question or two I would like to ask.

During the time that you were in a dropout status, how long was that? How long ago did you drop out?

Miss **Myers**. Well, I dropped out in 1968.

Senator **Allen**. For how long a period were you not in school?

Miss **Myers**. For 2 years.

Senator **Allen**. What were you doing during that time?

Miss **Myers**. Well, sometimes I was doing work, like, you know, housework or something.

Senator **Allen**. Now, by going back to school, though, you feel that you will be able to get a better paying job and a job that you would like better.

Miss **Myers**. Right.

Senator **Allen**. Is that correct?

Miss **Myers**. Yes.

Senator **Allen**. And it is your preference to continue living in Georgia and in Irwin County or Tift County. You do not plan or desire to move from your native section, native State?

Miss **Myers**. Not at this time, no.

Senator **Allen**. You want to stay here. I was glad to note, pleased to note that you feel that living conditions here are better than they would be by going to the large cities. That is your feeling?

Miss **Myers**. Yes.

Senator **Allen**. What type of work have some of the other pupils who have dropped out, gone back under this program, what type of jobs have they been able to get?

Miss **Myers**. Well, I would not know.

Senator **Allen**. Do you know anybody that has been in this program that has graduated?

Miss **Myers**. That has graduated? No.

Senator **Allen**. How long has the program been maintained?

Miss **Myers**. Well, I started in January.

Senator **Allen**. Just now getting started, then.

Well, now, they pay your fees and your room and board?

Miss **Myers**. Yes.

Senator **Allen**. And do they give you some sort of monetary living allowance in addition?

Miss **Myers**. Yes.

Senator **Allen**. Well, it is a real fine program, then, in your judgment.

Thank you very much.

Miss Myers. Thank you.

Senator Allen. Mr. Eugene Adams, please. Eugene Adams, Moultrie Production Credit Association and local farmer. Mr. Adams, thank you for appearing before our committee. If you would proceed, please.

STATEMENT OF EUGENE ADAMS, PRESIDENT, MOULTRIE PRODUCTION CREDIT ASSOCIATION, NORMAN PARK, GA.

Mr. Adams. Thank you, Senator Allen, Senator Talmadge. It is a privilege for me to have the opportunity to meet before this committee this afternoon and share with you some of the views and some of the problems related to agriculture, and in the interests of time I will cut my talk considerably shorter than it might have been otherwise.

I am certainly sure that American agriculture, championed by the farm family, has been the greatest asset to this great country as we know it today. American agriculture involves some 5 million workers today. That is only about 2.4 percent of the work crew. In less than 10 years it is predicted that only 2 percent, or 4.4 million people, will be actively engaged in farming.

Truly our American agricultural production is the miracle of our world today. American farmers produce 50 percent of all the agricultural goods in the world. Our American farmers have the record of being the most productive group of people in the country. Farm productivity has increased at the rate of 7.7 percent since 1950, whereas nonagricultural industry has increased at the rate of only 2.8 percent.

This phenomenal rate of increased productivity by our farmers has released to industry, to science, to professions, arts, and so forth, a vast majority of the people in this country, thus making America the great Nation that it is today.

The American farmer's record of productivity has enabled him to stay in the business even in the face of declining prices for his goods and an escalated price for the farm inputs. This has been the only stabilizing factor in our inflated economy of today.

Our American agricultural abundance is, without a doubt, our greatest and most powerful force for world peace. Our Nation's farm products are helping to relieve hunger and starvation in many nations. Certainly, gentlemen, this is a beautiful picture to this point, but all is not well with the American farmer.

In 1970 we received only 77 percent as much for our labor as did the nonfarm labor and with little consideration being given for the $325 billion invested in farm assets and production costs. The index of wholesale farm prices went down from 106.4 in 1950 to 98.4 in 1965. At the same time, farm inputs were going up at an alarming rate. The farm debt has more than doubled in the last 10 years.

The cost-price squeeze is very real to us farmers. Many farmers are having to quit with no one to take over for them, or in most cases they are quitting to take a more lucrative job in the city.

This farm exodus has been going on since the turn of the century and farm numbers have declined over half in this period. This number certainly could shrink another third before the tide turns.

If you will, gentlemen, let us look into the future for a short 10-year period and try to project what is expected of the farmers at that time. There will be a very real concern about food shortages, not worry about our surpluses. There will be 700 million more people in the world to feed: 35 to 50 million of these people will be Americans.

Based on our present day production we will need 200 million more acres of producing lands. Currently new lands are being used for nonagricultural purposes faster than they are being made available.

For our farmers to meet this great and tremendous need, intensified practices must be used because the land will not be available. We must use more fertilizer, more techniques, more pesticides, more irrigation, land drainage, adaptation of crops to environment. While this must be done to produce the needed food and fibers, at the same time many ecologists are clamoring for less of these needed inputs in agriculture.

Many of our pesticides have been removed from label clearance and many of the remaining face the same fate. Most have been convicted on false testimony and circumstantial evidence.

Based on our production facts of today the reduction of our fertilizer use to 50 percent of what was used in 1970 would reduce our yields by 34 percent and increase the cost by 40 percent. Similar results could be expected from restricted pesticide use. Restricting the use of fertilizers and pesticides could well increase the need for agricultural acres by one-third to one-half and where would they come from, and the cost of production certainly would skyrocket. Consumer goods would escalate rapidly in the event of this happening and the quality of our food would certainly deteriorate.

America, a nation with only 6 percent of the world's people, has 40 percent of the world income. America cannot afford to continue its policy toward agriculture. Our farmers must thrive with this booming economy. History substantiates the fact that, "As agriculture goes, so goes the Nation."

Gentlemen, to a very large degree the destiny of the American farmer, and, therefore, the destiny of America, is in your hands.

What can you do? From my point of view as a farmer, these are some of the things that need to be done.

First of all, give us an agricultural program that will allow the American farmer to earn his fair share of the national income. Let us, if you please, eat at the same table with our brother.

Second, the welfare program must be put on a work-for-pay basis for all that are physically able and not on a gratis basis. Farmers and industry alike in the South are clamoring for workers, while the country is filled with people that will not work, because welfare pays them enough to live on.

This leech on America is surely and certainly sucking the life blood from our great country.

The so-called ecology group must have a restraining hand as it relates itself to agriculture. There must be people of wide agricultural experience, with foresight shaped from past experiences, to shape the future of agriculture. Ecologists could well be the people that bring about strife and hunger in a nation of plenty while at the same time trying to do good. The loss of many of our pesticides, the impending doom for many more, the clamor for restricted fertilizer use, the delay in the battle to control the imported fire ant, are but a few examples of what can happen.

Fourth, I believe firmly that the family-oriented farm is the backbone of our future agriculture. Therefore, the life's blood of America. Consequently, restraint must be put on and continued on giant cooperative farms and integrated farming. These types of agriculture, in my opinion, cast a large shadow over the American people.

Fifth, I view with alarm what is happening to some of our agricultural products as a result of imports. And not only agricultural products, may I say, but a lot of other American goods. A concerted effort should be made to get an alliance with the European Common Market. Satisfactory export-import regulations direct themselves to all Americans. There are 1.4 billion people in about 100 countries that have an average income of less than $100 a year, and all American people are competing with this labor.

Sixth, the rural development and revenue sharing program as amended, does not call for any reduction in funds for extension work but it does not provide that States must increase Federal funds for extension work as the need arises, and in eliminating the requirement that Federal funds be matched by State and county funds, it opens the door for financially hard-pressed States and counties to use for other purposes funds now appropriated for extension work. This, I believe, is not in the best interests of agriculture.

Seventh, one of the most dramatic changes in American agriculture has been the shift toward greater use of capital relative to land and labor. The shift toward substituting capital for labor, and to a lesser extent for land, has been very evident during the past decade. Increased capital has been mainly in the form of inputs purchased off the farm, such as equipment, feed, fertilizers, pesticides, custom service operations, storage facilities, houses, and education. The high price of labor relative to the price of other farm inputs and the difficulty farmers are experiencing in getting labor at all, and certainly the quality of labor we must have to operate the expensive and complicated machinery on farms today have compelled the shift to mechanization.

Certainly, training centers for qualified workers to manipulate this complicated equipment is essential for our continued program. And certainly, more capital on a longer basis for intermediate term loans is desirable.

Eighth, and at this point, I would like to say that I believe the passage of S. 1483, cited as the Farm Credit Act of 1971, is expedient to farmers and the rural-urban development we so desire. Passage of this bill will provide funds for rural housing to nonfarm people. It will allow funds for intermediate terms needed in many phases of agriculture. Funds for custom farm services, so expedient to agriculture, and the development of the rural-urban balance will be available under this act .Many farm-related services, as electronic record centers, custom service centers, processing centers, and a host of others, can be funded by the passage of this bill. Passage of this bill will do more to halt the exodus to cities and bring a needed shift to rural areas than any act I know of today. I urge its passage.

I want to commend Senator Talmadge and Senator Humphrey and the other Senators who sponsored this bill, for their forward look at the rural-urban problems.

Ninth, I want to quote from Thomas Macauley, the famous English historian and author, who wrote these words 120 years ago.

> America—your Republic will be fearfully plundered and laid waste by barbarians in the 20th century as the Roman Empire was in the 15th, with this difference, the Huns and Vandals who ravaged the Roman Empire came from out. Your Huns and Vandals will have been engendered within your own country by your own institutions.

Certainly, there is a dire need for a revival of the word "work." Training centers to provide technically trained men and women to work in agriculture, agri-related service centers, industry, and so forth, is a must for our rural-urban balance. A facility as this Rural Development Center could be invaluable in planning these needed training centers that could be established in this RAD program.

Tenth. Our Future existence will certainly be on the same land as today. Our water use will double in less than a decade. Water then is just as important as land. We will be fed, clothed, and housed from the same thin layer of top soil that feeds us today. In a decade we will need a third more food, housing for 100 million more Americans, roads for double the number of cars and trucks, space to dispose of another million tons of waste annually. Yes, in a decade land use must be more intensive.

Therefore, we must adopt a sound land use policy, one that will enable us to sort out the land best suited for recreation, agriculture, commerce, housing, and highways, a land policy that will establish priorities and make the best use of our God-given natural resources and perpetuate them for the future.

Eleventh. The rural-urban program as proposed by Senators Talmadge and Humphrey and the other members of this committee, is a giant step forward in relieving the rural exodus to cities and principally to the cities' poor areas. This will enable rural communities and towns to improve community facilities and build industry that will keep people in the rural areas and hopefully bring some of the city back to rural America. When opportunities, civic, community, educational, and religious, equal or excel those of the city, the tide will turn to rural America.

This giant effort will be invaluable to America. But this committee must not lose sight of the farmer. His plight is precarious. His destiny is uncertain. His future needs are a must for our Nation.

The American farmer, but most of all the American way of life, needs you people to become cognizant of and concerned about the plight of the farmer. We plead before you our needs. We hope that you will be our friends and our partners in the halls of Congress as you have already been. We know that in the future you will become cognizant of our needs and do the best that you can to remedy a bad situation. Rural-urban balance can never be a reality until the plight of the farmer is helped, too. All of the centers and the facilities that we might build for industry, and whatnot, until at such time as farm goods are equal to parity, then this discrepancy is going to hurt the rural-urban balance that we all need.

Thank you very much.

Senator Talmadge. Excuse me. I will be right back. Senator Allen will ask questions until I return.

Senator ALLEN. Thank you, Mr. Adams, for your very fine testimony. Certainly, we could spend several hours discussing with you the farm economy and the importance of the farmer in the scheme of things in this country. I think I can certainly definitely assure you that this subcommittee and the full Committee on Ariculture is mindful of the problems of the farmer and certainly is seeking to alleviate those problems and to solve those problems. We agree with you that there cannot be a sound economy for rural America unless it is built on the basis of a sound agricultural economy. So, if we can start with that base, and solve the farm problems and build on that by seeking a better balance between agriculture and industry, continue with a sound agricultural economy, but get some industry into our area, that would be the ideal situation, would it not?

Mr. ADAMS. Yes, it would.

Senator ALLEN. I know Senator Talmadge will appreciate your comments on the bill that he and Senator Humphrey and others on the subcommittee have introduced and it will go a long way, you feel, in solving some of the problems of rural America?

Mr. ADAMS. Yes, sir. It is a fine bill. We think a lot of it and we hope that it will be passed.

Senator ALLEN. I note that you are working with the Production Credit Association.

Mr. ADAMS. No, sir. That is not so. I am a director and president of the Production Credit Association. I farm for a living. I have no other income other than farming.

Senator ALLEN. I see. You do not receive any income from the production credit work?

Mr. ADAMS. No, sir; it is one of those honorary jobs.

Senator ALLEN. I think that is mighty fine of you to volunteer your services. Certainly, you are seeking by doing this, to help the farmer and his problems.

What success is your Production Credit Association having here in this section of Georgia?

Mr. ADAMS. We are financing the bulk of the farm operations, considerably more than half, on both intermediate, and short-term loans. The volume in our particular Association at Moultrie has gone from $4 million to about $14 million in a period of 10 years. We are serving well over half of the farmers in the four counties that we serve, Colquitt, Cook, Berrien, and Lanier.

Senator ALLEN. I note that you endorse also the amendments to the Federal Farm Credit Act.

Mr. ADAMS. Yes, sir.

Senator ALLEN. We feel that the bill is making very fine progress in the Agriculture Committee, and I have every reason to believe that it will be approved after talking with members of the committee in session. And we look forward to the passage of that bill as well as Senator Talmadge's bill which you endorse on the rural development credit system. We certainly appreciate all your comments about the need for realization of the need and the dignity and necessity of work, a return to some of the principles of self-reliance and individual initiative that made this country great. You endorse those concepts.

Mr. ADAMS. I sure do, 100 percent. We have too many people that have gotten to the point of complacency about work, to the extent that they just rely entirely on what welfare or maneuvering schemes that they can do to get enough to subsist on.

Senator **Allen**. Well, do any people turn down employment for fear that it might deprive them of their welfare benefits?

Mr. **Adams**. Every day; yes, sir.

Senator **Allen**. Thank you very much.

Senator **Talmadge**. Thank you, Mr. Adams, for your very fine, well-thought-out statement. I was very much impressed with several points you made. One, farm income, a matter in which I wholeheartedly concur.

When I first went to the Senate 14½ years ago the farm bloc was the strongest organization in the U.S. Senate. Now it is the weakest. We have got less than 5 percent of the people that live on the land and farm and only about 25 Members of the House of Representatives have rural constituency of 25 percent or greater. They want the farmers to raise their stuff free and give it to their constituents. Trying to pass any kind of farm bill through the Congress now is one of the most futile things you ever saw, particularly in the House. In the Agricultural Act of 1970, we passed a good bill through the Senate but when we got tc the House conferees there, we met a stone wall of resistance, intransigence, on the part of the Department of Agriculture despite the fact that the farm parity ratio now is about 70 percent. That is what it was during the depths of the depression back in 1933.

Now, to compound the problem, we will have the agricultural appropriation bill pending before us in just a few days. There will be a desperate effort made to destroy the tobacco program. You realize, of course, what that means to most of the family farmers in south Georgia, particularly in the Moultrie area and Colquitt County. It will put more people on welfare, and the tobacco program has not cost our Government anything, or an infinitesmal amount since the thirties. It pays almost $5 billion a year in taxes to Federal, State, and local governments, and then there are those who want to completely destroy the agricultural support program. They use as the entering wedge some of what they say is excessive payments but if you eliminate those, you will destroy your support program in its entirety and then our farmers will be forced to compete with the peons of India and China and elswhere when the wage level is already far too low.

I concur fully on your welfare program. I am strongly in favor of welfare reform. It is desperately needed. No one is happy with the fact that over 12 million Americans are on welfare. The recipients are unhappy, the taxpayers are even more unhappy.

What we need to do is train people for productive jobs and employment and then once you train them say, look, brother, you work if you eat.

We have got to get back to the old biblical injunction by the sweat of the brow shalt thou eat.

I am in favor of helping those that cannot help themselves, the aged, blind, totally and permanently disabled, and the children. I have supported every effort to increase their benefits from Governor on through the U.S. Senate, but I am not going to vote to put more taxes on the American people to pay living wages to people who can but do not want to work. [Applause.]

With reference to the ecology, we have got those that want to take us back to the stone age and destroy all technology in the name of ecology. We must protect our environment, but we can do both. If some of the bills pending before Senator Allen's subcommittee passed, for the poor farmer in Colquitt County to put an insecticide on his crop, he would have to first get a Federal permit and then he would have to hire a specialist to put it on there for him. The cost of the two would be worth more than the crop, so you would have another farmer pushed off his land and put on welfare.

Mr. ADAMS. And you would have a hungry American on top of that.

Senator TALMADGE. Exactly, and if some of them had their way they would absolutely destroy all technology and take us back to the stone age in the name of ecology. I think it utterly ridiculous. We can improve our environment and we can protect our people's health at the same time. Some of these bills would take us back to the malaria age which we experienced when I was a child when mosquitoes were all over the country injecting malaria venom in all of us all the time, too.

I think Senator Allen probably commented on S. 1483 which you endorsed. That bill has been reported by the subcommittee to the full committee. I think we would have reported it out last Wednesday but unfortunately, we had so many committee meetings going on at the same time and so many Senators out of town, we spent 30 minutes trying to get one extra Senator to make the quorum. I am hoping at the next meeting we can report it.

My compliments to you on what I think is one of the best statements presented before this subcommittee since we have been before the hearings.

Mr. ADAMS. Thank you, Senator Talmadge.

Senator ALLEN. Senator Talmadge, I might report to you as the chairman of the full Committee on Agriculture, serving under your appointment as chairman of a subcommittee having the jurisdiction over the bill that you spoke of, that provision requiring a farmer to get a permit to acquire pesticide and then get a consultant, so-called, to apply it, that is not making very much progress in the subcommittee, I might say.

Thank you very much, Mr. Adams. Appreciate your testimony.

Mr. ADAMS. Thank you Senator Allen, Senator Talmadge.

(The prepared statement of Mr. Adams is as follows:)

Mr. ADAMS. American agriculture, championed by the farm family, has been the greatest asset to this great country as we know it today. Our agriculture has been the lifeline for additional 100 million people daily.

American agriculture is the Nation's largest industry with assets of over $275 billion. Assets combined with operating costs of $50 billion makes our agriculture equal to more than 75 percent of all U.S. corporate assets. Our agriculture has $32,000 capital for each farmworker whereas American corporate industry has an investment of only $20,000 per worker.

American agriculture involves about 5 million workers today. In less than 10 years, only 2 percent of our labor force or 4.4 million people will be actively engaged in farming. But three of each 10 jobs in private enterprises are directly dependent on agriculture today.

American agriculture feeds 200 million American people better and cheaper in terms of dollars earned than any nation. The average American worker spends less of his income today for food than at any time in our history—less than in any other nation. Only about 15 percent of the American family income goes for food.

American agriculture exports 15 shiploads of food daily that feeds 100 million additional people around the world. This daily export of American food is valued at $20 million. One-third of our harvested acreage is exported.

Truly, American agricultural production is the "miracle of today's world." American farmers produce 50 percent of all the agricultural goods in the world—more than Western Europe, Australia, New Zealand, Canada, and Latin America combined.

Our American farmers have the record of being the most productive group of people in the country. Farm productivity has increased 7.7 percent per year since 1950, whereas nonagricultural industry has increased at a 2.8 percent rate since 1950. Each farmer today produces food and fiber to feed and clothe himself and 42 other persons.

This phenomenal rate of increased productivity by our farmers has released to industry, science, professions, arts, et cetera, this vast number of people, thus making of America the great Nation that it is today. Visualize, if you can, the impact of this Nation if 15 to 50 percent of our manpower were required in food production as is the case in other nations rather than the 2.4 percent that is required in America today.

The American farmer's great record of productivity has enabled him to stay in the business even in the face of declining prices for his goods and an escalating price for the farm inputs. This has been the only stabilizing factor in an inflated economy.

Our American agricultural abundance is, without a doubt, our greatest and most powerful force for world peace. Our Nation's farm products are helping relieve hunger and starvation in many nations. In doing this, we farmers foster world trade and goodwill with our agricultural production. Our Nation accepts foreign currencies, barter, and credit terms for our farm goods from countries that need our products.

Yes, gentlemen, this is a beautiful picture to this point. But all is not well with the farmer. In 1970, we received only 77 percent as much for our labor as did the nonfarm laborer. And no consideration was given for the $325 billion invested in farm assets and production costs. The index of wholesale farm prices went down from 106.4 in 1950 to 98.4 in 1965. At the same time, farm inputs were going up at an alarming rate. The farm debt has more than doubled in the last 10 years. The cost-price squeeze is very real. Many farmers are quitting with no one to take over for them—or, in many cases, they are quitting to take a more lucrative job in the city. This farm exodus has been going on since the turn of the century, and farm numbers have declined over half in this period. This number could shrink another third before the tide turns.

Now, if you will gentlemen, let us look into the future for a short 10 years and project what is expected of the farmers then. There will be very real concern about food shortages, not worry about surpluses. There will be 700 million more people in the world to feed—35 million of these will be Americans. American agriculture will be the difference between life and starvation for many people in foreign lands.

Based on our present day production, we will need 200 million more acres of producing land. Currently, new lands are being used for non-agricultural purposes faster than they are being made available.

For our farmers to meet this great need, intensified practices must be used—more fertilizer, pesticides, irrigation, land drainage, adaptation to environment, and so forth. While this must be done to produce the needed food and fibers, at the same time, ecologists are clamoring for less of these needed inputs in agriculture. Many of our pesticides have been removed from label clearance and many of the remaining face the same fate—most have been convicted on false testimony and circumstantial evidence.

Based on production facts of today, the reduction of our fertilizer use to 50 percent of that used in 1970 would reduce yields 34 percent and increase costs by 40 percent. Similar results can be expected from restricted pesticide use. Restricting the use of fertilizers and pesticides could well increase the need for agricultural acres by one-third to one-half, and the cost of production would skyrocket. Consumer goods would escalate rapidly in the event of this happening, and the quality of food would deteriorate.

America, a nation with only 6 percent of the world's people, has 40 percent of the world income. America cannot afford to continue its policy toward agriculture. Our farmers must thrive with this booming economy. History substantiates the fact "That as agriculture goes, so goes the Nation."

You, gentlemen, have, to a very large degree, the destiny of the American farmer—and, therefore, the destiny of America in your hands.

Yes, you did say, "What can we do?"

First—An agricultural program that will allow the American farmer to earn his fair share of the national income. Let us, if you please, eat at the same table with our brother.

Second—The welfare program must be put on work-for-pay basis for all that are physically able and not a gratis basis. Farmers and industry alike in the South are clamoring for helpers, while the country is filled with people that will not work, because welfare pays them enough to live on. This leech on America is surely and certainly sucking the life's blood from our great country.

Third—The so-called ecology group must have a restraining hand as it relates itself to agriculture. There must be people of wide agricultural experience, with foresight shaped from past experiences, to shape the future of agriculture. Ecologists could well be the people that bring about strife and hunger in a nation of plenty while at the same time trying to do good. The loss of many of our pesticides, the impending doom for many more, the clamor for restricted fertilizer use, the delay in the battle to control the imported fire ant are but a few examples of what can happen.

Fourth—I firmly believe that the family-oriented farm is the backbone of our future agriculture; therefore, the life's blood of America. Consequently, restraints must be put on giant cooperative farms and on integrated farming. These types of agriculture cast a large shadow over the American people.

Fifth—I view with alarm what is happening to some of our agricultural products as a result of imports. A concerted effort should be made to get an alliance with the European Common Market. Satisfactory export-import regulations direct itself to all Americans. There are 1.4 billion people in about 100 countries that have an average income of less than $100 per year, and all Americans are competing with this labor.

Sixth—The rural development and revenue sharing program, as amended, does not call for any reduction in funds for extension work, but it does not provide that States must increase Federal funds for extension work as the need arises. In eliminating the requirement that Federal funds be matched with State and county funds, opens the door for financially hard-pressed States and counties to use for other purposes funds now appropriated for extension work. This, I believe, is not in the best interest of agriculture.

Seventh—One of the most dramatic changes in American agriculture has been the shift toward greater use of capital relative to land and labor. The shift toward substituting capital for labor, and to a lesser extent for land, has been very evident during the past decade. Increased capital has been mainly in the form of inputs purchased off the farm, such as equipment, feed, fertilizers, pesticides, custom service operations, storage facilities, housing, and education. The high price of labor relative to the price of other farm inputs, and the difficulty farmers are experiencing in getting labor at all, and certainly the quality of labor we must have to operate the expensive and complicated machinery on farms today, have compelled the shift to mechanization.

Eighth—At this point, I would like to say that I believe the passage of Senate bill 1483, cited as the "Farm Credit Act of 1971" is expedient to farmers and the rural-urban development we wish. Passage of this bill will provide funds for rural housing to nonfarm people. It will allow funds for intermediate terms needed in many phases of agriculture. Funds for custom farm services, so expedient to agriculture, and the development of the rural-urban balance will be available under this act. Many farm related services as electronic record centers, custom service centers, processing centers, and a host of others can be funded by the passage of this bill. Passage of this bill will do more to halt the exodus to cities and bring a needed shift to rural areas than any act I know of today. I urge its passage. I commend Senator Talmadge and Senator Humphrey, and the other senators who sponsored this bill for their forward look at rural-urban problems.

Ninth—Thomas Macaulay, the famous English historian and author, wrote these words 120 years ago:

> **America—your Republic will be fearfully plundered and laid waste by barbarians in the 20th century as the Roman Empire was in the 15th—with this difference: The Huns and Vandals who ravaged the Roman Empire came from without, your Huns and Vandals will have been engendered within your own country by your own institutions.**

There is a dire need for a revival of the word, "work." Training centers to provide technically trained men and women to work in agriculture, agrirelated service centers, industry, et cetera is a must for a rural-urban balance. A facility as this rural development center could be invaluable in planning these needed training centers that could be established in this RAD program.

Tenth—Our future existence will be on the same land area as today. Our water use will double in less than a decade. Water is as important as land. We will be fed, clothed and housed from the same thin layer of topsoil that feeds us today. In a decade we will need a third more food; housing for 100 million more Americans; roads for double the number of cars and trucks; space to dispose of anther million tons of waste annually. Yes, in a decade, land use must be more intensive; we must adopt a sound land policy. One that will enable us to sort out the land best suited for recreation, agriculture, commerce, housing and highways. A land policy that will establish priorities and make the best use of our God given natural resources and perpetuate them for the future.

Eleventh—The rural-urban program as sponsored by Senators Talmadge and Humphrey is a giant step forward in relieving the rural exodus to cities and principally to cities' poor areas. This will enable rural communities and towns to improve community facilities and build industry that will keep our people in rural areas, and hopefully bring some of city back to rural America. When opportunities, civic, community, educational, and religious opportunities equal or excell the city, the tide will turn to rural America.

This giant effort will be invaluable to America. But this committee must not lose sight of the farmer. His plight is precarious, his destiny uncertain, his future needs are a must for the nations. The American farmer, but most of all the American way of life, needs you people to become cognizant of and concerned about the needs of farmers. We need you to be our friend and partner in the halls of Congress, to champion our cause. We need you to be your brothers keeper.

Thank you.

(The advertisement of Georgia's Rural Electric Systems attached to Mr. Adams' statement is on file with the Subcommittee.)

Senator ALLEN. Mr. Richard Lyle, please, assistant regional director, National Urban League, who will read the testimony of Mr. Clarence Coleman, Southern regional director, National Urban League, had planned to give in person at this hearing. He is unable to be here and has asked Mr. Lyle to present the testimony.

Now, as I understand it, Mr. Lyle, this is not your personal testimony. It is testimony of Mr. Coleman that you are giving at his request, is that correct?

Mr. LYLE. That is correct, Senator.

Senator ALLEN. Thank you, you may proceed.

STATEMENT OF CLARENCE D. COLEMAN, DIRECTOR, AND RICHARD LYLE, ASSISTANT DIRECTOR, SOUTHERN REGIONAL OFFICE, NATIONAL URBAN LEAGUE, ATLANTA, GA.

Mr. LYLE (reading):

I wish to express to both you Senator Talmadge and Senator Allen on behalf of Mr. Coleman our sincere appreciation for an opportunity to present this testimony here before you today. I am honored to represent Mr. Coleman who could not be with you today because of difficulty in confirming his flight schedule from New York to Atlanta. For him I extend to you his apologies.

Allow me in the interest of time to share with you a few brief statements about the context of the testimony that you have before you. I will not delve into any great detail; however, I will give you a brief description of our agency and proceed with the reading of the testimony. The document from which I shall read is a compilation of excerpts taken from the official testimony which you have in your possession.

My appearance before you today is on behalf of the National Urban League—headquartered in New York City, with five regional offices, and 98 affiliated Urban Leagues serving the entire Nation. The National Urban League is a professional social work agency representing thousands of members, volunteers, and general supporters who identify with our goal of eliminating the effects of discrimination, inequity, and disadvantage from our society through the mobilizing methodology of community organization.

Organized in 1910, the National Urban League originally concentrated its efforts on solving the problems which black people were encountering in completing the classic transition from rural to metropolitan life, and thus, for the past 60 years, though in an urban setting, the Urban League has been most critically involved in seeking solutions to rural problems.

The Southern headquarters, located in Atlanta, Ga., obtained funds to open a center. The purpose of this center is to launch a model center in rural-areas where people might be helped to reorganize themselves in community involvement in an effort to change those unresponsive systems relating to economic and community development.

The center also provides technical assistance to rural communities and assists in coordination of existing and proposed services in rural areas within our region.

We have also developed a new Urban League component, the Urban League Center, to respond to the needs of the people living in communities too small to warrant the regular Urban League affiliate. The first of the centers to be established was the Gulf Coast-Mississippi Urban League Center which opened following Hurricane Camille. Its primary job was to monitor the quality and quantity of disaster services for minority residents.

Second, it acted to insure the concerns of the people who are represented and versed on the policymaking bodies which would govern the rebuilding of the coast. As it has continued, its focus has turned to the community organization which enables the residents to produce the changes they feel are needed.

Early in 1969 the National Urban League in response to an invitation extended by the county commissioners agreed to operate an economic development program in Hancock County, Ga. Lowndes County, Ala., Urban League Center opened in December of 1969 with the focus on citizenship, education and leadership development. Following the tornadoes which struck north central Mississippi in the early part of this year, the National Urban League in cooperation with the American National Red Cross, established a short-term center in Indianola, Miss. To better assure full disaster services for the residents of that area.

Mr. Chairman, I am sure that each individual here could enumerate endlessly problems of which he is cognizant without any way of having done justice to the extreme difficulties under which rural people live. I know we are all aware of the inadequate educational resources, of the lack of decent housing and the proliferation of decaying homes, of the lack of jobs which result in those standards of living, and the general overall scarcity of adequate health and welfare facilities and resources.

I think our time here is indeed too valuable for us to dwell upon these problems, for if we each concentrate on enumerating and describing the problems, we shall cover little except problems themselves, instead of the solutions to the problems themselves.

Another major point which I would like to emphasize is that in doing effective rural development, all segments of the society must be included. This means groups from the Chamber of Commerce and the local community as well. If we are ever to achieve community development, every segment of the community must be included to produce positive and lasting results.

Gentlemen, I would like to emphasize also just a few of the recommendations which are mentioned in our written testimony that you have before you. I feel that if we were to attempt to summarize all of our recommendations into one general statement, it would be that we provide the economic base and opportunities needed to meet the chronic problems of rural people and communities in specifically an economic development. We would recommend that special capital depreciation allowances be made for industrial investment is areas defined as being rural in order to encourage the industrial and the economic development of such communities. This plan is far superior to the current local tax competition model which shifted the tax burden ot the local communities and the already depressed economic and income structures and pits one disadvantaged community against another. Our plan will instead elevate rural economic development to the level of national public policy and spread the costs among the national components on a more equitable basis.

In education, we recommend that Federal legislation be enacted establishing special grants for public education in districts serving predominant rural and disadvantaged populations with emphasis on obtaining special pupil gains in communications skills and on the teaching of certain basic vocational skills identified as being in line with the national rural economic development policy and goals.

To meet the housing needs of rural America we recommend that the legislation be formulated authorizing additional subsidized and low-interest housing, both single and multifamily, rental and owner-occupied, but with emphasis on developing homeownership specifically for rural areas, and that a new program be devised for the very low-income household which will provide for either lower interest rates than now permitted through Government guarantees or no interest rates at all, or some sort of direct subsidy for principal as well as interest.

To insure a healthy and better life for rural Americans, we commend that a national health system be devised that is available to all functions effectively for all regardless of race, sex, creed, color, location, citizenship, status or income. This is a vital requirement, particularly in view of the fact that some 24 million Americans under 65 have no health insurance.

Additionally, we recommend that institutional racism be eradicated in all social welfare delivery systems, both public and private. This should include such public agencies as the United States Department of Agriculture, State Department of Public Welfare, and so on.

Again, let me congratulate you distinguished gentlemen for taking the time from your duties in our Nation's Capital to come here today to listen firsthand to some of the difficulties of significant concern expressed by so many citizens. I am confident that all across the south rural poor people have been heartened upon learning of your impending visit and your continuing concern.

In addition to the suggested actions mentioned previously and those recorded in our full presentation which has been made available to you in print, I particularly recommend that this subcommittee convene at the earliest feasible time a conference at the highest level to deal with the problems of poverty as experienced by the rural and migrant families of this region and this Nation. This major meeting which might be called the Migrant Rural Economic Development Conference should last at least several days and should bring together all agencies, organizations, experts, and elected and appointed Government officials involved in any way with the problems of rural people and the people themselves to formulate a national strategy for rejuvenating, revitalizing, and restructuring America's rural and small town communtiies.

We at the National Urban League would hope that this unprecedented conference be held in this region wherein lies both the greatest problems and the greatest opportunities, but regardless of the site ultimately selected, the National Urban League stands ready to cooperate with an assist this subcommittee in any and all ways possible in bringing together such a national rural conference, for it is our experience and our firm belief that when a man is given the honest choice between a decent home and a decent shack, between a purposeful job and a welfare check, between education and ignorance, and between dependency and independence, he will without fail choose the decent home, the purposeful job, and education and independence.

For many of America's rural citizens there are no such honest choices. Rather, their only choice seems to presently be between the utterly impoverished of the country and the seething tinderbox of the ghetto. We know that this Nation is immeasurably better because the Urban League has been in those ghettos increasing the residents' choices and chances in making it in this society.

We have more recently turned into the similar songs of despair of our rural brothers and sisters and not only do we believe that they must have greater choices, we are certain that these choices are possible through the proven methods we have used in the urban ghetto. But we cannot begin to do it alone, nor can all agencies and all organizations now existing do it together. There simply must be a national policy formulated and new resources appropriated if our rural areas and our rural people are to again become the heart and soul of this Nation.

We are convinced that this subcommittee and its work thus far signify a fundamental step in that direction.

Thank you.

Senator **Allen**. Thank you very much, Mr. Lyle. We appreciate your testimony. I hope you will convey to Mr. Coleman our regret that he was not able to come in person but he had a very fine substitute to send.

Senator Talmadge?

Senator **Talmadge**. Thank you, Mr. Lyle. I have had the privilege of talking with both you and Mr. Coleman and I think your objectives are the same as the objectives of this subcommittee, and, of course, we need all the help we can get from every source that we possibly can.

This is a gigantic, mammoth undertaking, as you know. First, we must create a popular demand for legislation of this type. One of the reasons we are holding hearings throughout the country is we have got to educate the people of America on the problem. Once they understand what the problem is, hopefully they will respond with direct solutions.

You present some interesting ideas, interesting thoughts and ideas there, one, the tax incentive to decentralize industry around over the country. I have cosponsored bills of that nature from time to time, since I have been in the Senate and unfortunately, we have not been able to get that agreed to. I think it does offer a solution, but in view of the fact that we have not been able to accomplish that, we are offering this proposal and I hope we have better luck with this.

Thank you very much.

Senator **Allen**. Thank you.

(The prepared statement of Mr. Coleman is as follows:)

Honorable Hubert H. Humphrey, Chairman, and Distinguished Members of the Sub-Committee on Rural Development of the United States Senate Committee on Agriculture and Forestry:

I am Clarence D. Coleman, Director of the Southern Region, National Urban League.

First, let me take this opportunity to congratulate you, Senator Humphrey, and the other illustrious members of this vital Sub-committee, for being willing to sacrifice your time and convenience to come to Georgia, the hub of potential and opportunity for this region, to listen to the needs, concerns, attainments, and dreams of the people of this great section of America. To you, we say a very appreciative "Thank you".

Our congragulations go also to our Senior United States Senator from Georgia, The Honorable Herman E. Talmadge, who, as Chairman of the Senate Committee on Agriculture and Forestry, had the vision, as the man of the soil that he is, to create a Sub-Committee on Rural Development to study the ways and means of providing legitimate choices for Americans who wish to enjoy the full blessings of country living without being deprived of the economic and social advantages of this nation.

And lastly, our congratulations to the Honorable David Grambrell, who in only a few months in office has already moved to get a closer understanding of the problems of the people of his State and who has exhibited an extraordinary awareness of the great potentials of rural people and their irreplaceable and non-duplicatable resources.

My appearance before you today is on behalf of the National Urban League—headquartered in New York City, with five regional offices, and 98 affiliated Urban

Leagues serving the entire nation. The National Urban League is a professional social work agency representing thousands of members, volunteers, and general supporters who identify with our goal of eliminating the effects of discrimination, inequity, and disadvantage from our society through the mobilizing methodology of community organization.

Organized in 1910, the National Urban League originally concentrated its efforts on solving the problems which black people were encountering in completing the classic transition from rural to metropolitan life, and thus, for the past 60 years, though in an urban setting, the Urban League has been most critically involved in seeking solutions to rural problems.

Always inter-racial in the composition of its Boards of Directors and staff, the Urban League long since has quit thinking exclusively in terms of "black problems" and now concentrates on "people problems"—economic and educational, poverty and deprivation, substandard housing, lack of health care and social welfare services—migrant workers, Chicanos, Indians, Appalachian whites, as well as black Americans. In essense, the Urban League is the only organization of consequence which attempts to deal with the problems of all minority people—the problems which, in fact, are basic to the definition of the term "minority."

However, even with our broadened perspectives, the Urban League still channels the majority of its services and resources into the black community. Partly, no doubt, this is due to our history, but to a large measure, we believe it is because black Americans still represent the largest and most disadvantaged group within our society. The 1970 census revealed that there are now about 23 million black people in the United States, of which one-third, or 7½ million, earn less than the minimum dollar income. This is up from about 28% of the approximately 19 million black Americans counted in 1960—or about 2 million more black people now living in poverty despite what is considered to be 10 years of unprecedented progress.

Another study of 1970 census data shows that nationally the gap between white and black family income is being closed steadily, but that in the South there is a rather substantial lag. In the north and west, black families now have median incomes of 73% of their white counterparts, while in this region the figure is only 57%—a gap of 16% which gets even more serious when it is considered that there is also a sizeable gap in white incomes between the regions against which the black families are being compared.

It was just this type of information which led the National Urban League to begin re-evaluating its traditional urban-only philosophy. Upon researching the situation, it found that despite the huge and accelerating migrations of black people into the central cities of the north and west, some 53% still lived within the twelve states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia, which comprise the Urban League's Southern Region, and that 46% of those still lived in rural areas.

In other words, approximately 25% of all black Americans still live in the areas of their major ancestory—the small towns, plantations, back roads, and marginal farms of this nation's poorest section—along with millions of other poverty-stricken whites, Spanish-speaking people, and share-croppers and migrants.

What, then, we asked, should be the National League's response to these people? Should we ignore the processes which have been systematically depriving them of their land, way of life, and heritage, and driving them into the proven hopelessness of the city to roll on as we continue our search for answers to the urban question? Should we conclude that the answer for America's minority problems lies ultimately in the city?

True to our Urban League commitment to self determination for all people, we decided against saying that either the city or the country is *the* answer for America's poor. We concluded, rather, that the basic problem has been that this nation's many disadvantaged people have been offered fewer and fewer honest choices in selecting their places of residence—that the increasingly deteriorating economy in most rural areas are in fact forcing these families to one decision—move into the city.

Of course, the major problem confronting the Urban League as it has set out to provide bona fide choices for rural people through the equalization of both opportunities and results with those purportedly available through urban migration is resources. As a volunteer social welfare agency, the Urban League has never been able to appropriate sufficient funds to meet the real needs of the urban communities it has sought to serve, which is why we have increasingly concentrated our meager resources on community organization which enables people themselves to deal with "root problems" through united action.

Thus, the Urban League has been able to respond to the problems of rural people and communities in anything even faintly resembling the quantity which is necessary to realize the joint goals of equal opportunities and results. But we have worked successfully and qualitatively in several representative communities—both small town and purely rural—where, in addition to solving some specific problems and aiding many rural people in regarding confidence in rural life, we have gained a real appreciation for the parameters which will have to be covered by any comprehensive drive to provide rural residence with the full life chances of mainstream America.

In the following sections I will be outlining those problems which our staff, working in these communities and struggling with the difficulties and frustrations largely forgotten Americans, have identified as areas calling for federal action. For sake of clarity, I have divided the presentation up into five problem-centered areas: Poverty, Economic Development and Employment, Education, Housing, and Health and Welfare.

POVERTY

It is no secret that the lack of economic and material means and resources has been a growing problem, especially in this region. Part of the growth of poverty may be more apparent than real, as the bulk of persons living in rural settings could hardly be said to be affluent all through history. But often they were relatively better off than most of the people trying to make it in the city.

For most Americans, this is no longer true. An urbanity has become synonomous with a high standard of living, our rural economy has progressed very little. But the tragedy of America is that in both rural and urban settings, it has been its minority peoples who have fared least well. Thus, the poorest of the poor, with the least hope, of attaining a decent job, an adequate education, a nice home, and maintaining good health, tend to of a minority group who live in the country or small town.

On the surface, it appears that poverty is declining in the United States. Since 1959, the first year for which data on poverty are available, there has been an average drop of 4.9% each year in the number of persons statistically defined as impoverished. Surely, much of this gain can be attributed to the "War on Poverty" launched in 1964 with the founding of the Office of Econmic Opportunity and the revolutionary Community Action Program. Another portion of it, however, is the result of the unprecedented years of continuous prosperity experienced by the American economy during the sixties which has now abruptly ended.

It should not be surprising, then, that in 1970, the number of persons living in poverty shot upward 5.1%—or more than the average decline for the previous nine years. At the end of 1970 there were over 4.4 millilon families with incomes below the poverty line living in rural America, of which 2.1 million, or 47.7%, lived in this 12-state Southern Region.

Nationally, on 1970 10% of all white households were classified as improverished, while a whopping 31% of minority households were found to be living in poverty. The conditions in the rural South, predictably, were much worse, with 22.5% of all white families and 53.6% of all minority families having incomes of less than $4,000 per year.

Poverty is also known to be related directly to families headed by women, as male headed households in poverty declined 53% during the last decade, while those with female heads held steady. In fact, the chances of a family being in poverty increases three times if that family is headed by a woman.

Again, minority groups suffer disproportionately as nearly half of all minority poor households are headed by a woman as compared to only 28% for white households. More ominously, 54% of all minority people classified as poor are below 18 years of age, while for whites the rate is only 36%. The ratio of white age, on the other hand, is nearly three times that of minorities, reflecting, without a doubt, the differentials in life chances which bear ever so heavily on longevity as well as the propensity to escape the legendary poverty cycle.

We find it totally inexplicable, in light of the above facts and at the very time that poverty is on the increase, that the OEO program is being severely curtailed across the board. But we find it even more distressing that the Community Action Program, the first and only hope which millions of rural poor people have ever had to break the chain of local systems and institutions which ensure their impoverishment year after year, is being wholesalely dismantled in rural county after rural county.

As ineffective and courthouse dominated as some of these CAP programs were, they at least offered a hope for change—a lever where the egalitarian concepts of the federal system could be hooked into the deadwood of rural "stand-pat-ism" to force at minimum the acceptance of some standards of national public policy.

Thus, as a type of community action agency itself, the Urban League makes one recommendation for the Sub-Committee's consideration relating to this section on Poverty, recognizing that all of our testimony and recommendations relate directly and totally on the problems of impoverishment. And that recommendation is that legislative action be initiated to either re-establish the Community Action Program for rural communities as originally envisioned through OEO, or create a similar agency for similar purposes based more directly upon the rural orientation of this Sub-Committee.

Such an agency could function much as OEO relates to local communities through a specially created CAA, or it could fund proven community action groups. The purpose would be to mobilize local citizens, primarily poor people themselves, to plan and manage solutions to their own problems and to funnel federal resources into rural communities to accomplish the basic national rural development goals.

Economic Development and Employment

Without any doubt, the major problem confronting this nation in responding to the problems of rural communities is the inherent economic inequities and deficiencies which have come to denote rural as opposed to mainstream America.

This is particularly endemic to the South, where rural populations continue to fall, villages and towns stagnate, once bustling farms grow up in weeds, and young people head out of town for Atlanta, Memphis, or on to the North as soon as they terminate their secondary education. Yet most observers, including the emigrants themselves, agree that rural life offers many opportunities and potentialities highly preferable to urban conditions.

Among these are fresh air, open space, recreation, decelerated life style, lower cost of living, and greater sense of community independence and personal responsibility. The one and only significant negative is the abysmal lack of economic opportunity which almost totally blankets rural America in the second half of the 20th century.

The main reason, of course, for our declining rural economy has been the amazing increase in American agricultural efficiency. Where about 100 years ago as many as 80% of the nations' workers were engaged in farming, now it is no more than 5%—and much of them are considered to be surplus or marginal—whose time and efforts fail to bring minimum productive returns.

This radical change—the replacement of people by machines—has caused a similar shift of America's population from rural to urban areas—largely because when agricultural jobs disappeared, there were no other employment alternatives in the rural communities for the persons displaced.

Despite this rapid mechanization in our region, a recent study by the USDA showed that the South still contained 51% of all farm wage workers in this country—a total of over 1,600,000 persons. (Farm wage workers do not include self-employed farmers working either their own or rented land). 650,000 of these persons worked less than 25 days per year, and only 317,000 worked 150 days or more—at an average wage of only $5.95 per day. Of the 509,000 men over 25 years of age so employed were heads of households, over 422,000 had completed 8 years or less of formal education. 536,000 or 33%, of all Southern farm wage workers worked for more than one employer during the year.

The 1,106,000 southern workers who worked exclusively on farms averaged only 93 days work per year for annual earnings of a mere $552. The remaining 503,000 workers worked an average of 58 days in agriculture, but managed to average 90 additional days of non-farm work at an average wage of only $8.24 per day. Together these workers averaged only 149 days total work and earned a meager $1,105.

The median income for the 1,609,000 families was a pitiful $2,087—less than half that of farm wage earners in other regions of the nation.

From a national perspective, minorities made up 30% of the farm wage workers compared to only 11% for all occupations. Minorities comprised 23% of all men and a whopping 46% of all women farm workers. On the other hand, white youth were far more prevalent in the farm wage labor force than those of minority groups. Twenty-five percent of all males and 17% of all females were both white and between 14 and 17 years old, compared to 6% and 11% for minorities.

While it is not possible to currently obtain data on non-farm wage difference between small cities and towns and urban areas, it is generally conceded to be significant—especially in the South. Many southern states, counties and municipalities have aggressively sought to attract industry—usually citing lower wages, and ample labor, as well as often offering certain local tax incentives covering initial operating periods. Despite some success, hardly a dent has been made in the overall industrial and business development lag in this region. While a few jobs have been created for displaced and underpaid farm workers, by far too many of this region's workers still cannot earn a decent living here. Thus, the move from country to city continues.

During the year cited earlier when southern farm workers were averaging less than $6 per day, nonagricultural workers in Georgia were earning $16.72 per day—and $15.20 even in Mississippi. However, it must be noted that these figures are considerably inflated by industries in major urban centers paying national union rates or similar scales.

The small town men and women in the plastic plant, textile mill, or mobile home factory were doing much worse—and even those jobs were scarce. At the same time, in Michigan the average wage earner earned $26.80 per day, in California, $25.28, in Illinois $23.60, and in New York $22.16.

Several other factors are blunting the early optimism concerning the prevailing approach to southern industrialization. Many concerns are finding that one regions' poorly educated and otherwise deprived surplus labor force does not lend itself to manufacturing processes and techniques. Thus, a plant supervisor recently reported the company's per unit labor costs at $2.00 per hour in a small southern town have rather consistently equalled or even exceeded those of its mid-western operations where workers earn $3.50 per hour.

Needless to say, this man's company is far from totally satisfied with its move South despite favorable climate and other positive considerations.

This region is also attracting too much extractive industry, where the huge capital investments result in few jobs for local people and often a deterioration of environmental quality through pollution and similar results. A good example is the paper industry which is becoming so cybunated that new plants are mainly hiring only a few technicians who must be imported from other cities.

Thus, it is absolutely essential from our viewpoint that the federal government take the initiative in encouraging and directing the economic development of this nation's rural communities. Families cannot be reasonably expected to remain long in areas where income opportunities are poor or non-existent. Income presumes jobs—good jobs. And jobs require investment—capital not now being so allocated through our normal business decision-making channels.

Competition alone cannot at this point in history provide the answers to our intertwined urban/rural imbalances and realize the adequate attainment of our social goals. County folk deserve both a fair chance and an honest choice. The aggressive pursuit of productive jobs through public policy implementation is our best hope—perhaps our only hope—of providing a base for a decent life for all Americans.

EDUCATION

Despite the American fixation with formal education as the "sure-cure" for all social ills, the absolute measure of social status, and the guarantee of ultimate economic success and personal happiness, most of the information available by which our educational establishment might be evaluated is so complex, yet full of holes and often outdated, that the honest searcher for answers is usually left to bewilderedly wonder if academics serves our society or if we are instead its servants.

But we do know by observation, if no other way, that the American educational system has consistently short-changed the disadvantaged and impoverished citizens of this nation rather than providing the super highway to mainstream culture and achievement so loftily envisioned. Increasingly, there are those who maintain that public education itself is the greatest blockage to the realization of the American dream by its unfortunate citizens, and they would point to such studies as the ones on standard achievement tests which indicate that the gap between whites and minorities actually widens the longer minority children stay in school.

Thus the theory that black, brown, and red children are receiving what might more appropriately be called a "dis-education" in our government supported institutions—that the knowledge and abilities they just naturally have as persons is somehow wrung out of them in the de-humanizing process we call schooling. The reasons for this most likely lay in the recent studies on the effect of teacher-perceptions of students upon student performance and the increasing alienation from and rejection of the schools by disadvantaged and minority parents. As this split continues to widen between educated and affluent Americans and those who are not, it can be expected that the public school, as the major point of contact between the two camps, will become more and more a battleground and less and less a bridge.

It is also becoming more apparent that there is a direct relationship, despite our mass public education system, between family income and educational attainment. For instance, a report on school enrollments as of October, 1970, shows that 24.3% of those persons 18 to 24 years old were in school as opposed to 46.1% overall. For those families in the $10–15,000 income bracket, the figure was 50.4%. and for those over $15,000, 63.2%.

Figures for college attendance in the same age range are even more skewed, with only 13.7% of those below the $3,000 mark enrolled in higher education as compared to 59.8% for those above $15,000. Thus, if you are well-to-do, your chances of attending college are at least four and one-half times greater than if you are impoverished.

If you are also a member of a minority group, your chances of completing any grade level is lower across the board, and, though no figures could be found on this specific criterion, we are certain that if you live in the country, your chances of reaching any educational attainment level is lower than if you live in a metropolitan community.

To recapitulate, it is our conclusion that despite the breakdown of urban public education, a person stands the least chance of attaining a decent education in this nation if he is poor, part of a minority group, and resident in a rural area.

The relationship between parental income and the educational success of the children is nothing newly discovered. What does need to be re-thought is the notion as to which of these variables is causative. The old view that education would lead to significant increments in the earning power of the succeeding generation now appears defunct. The number of poor children who are attaining high levels in our education ladder not only is too small, but other measures indicate that the actual learning in terms of performance may be considerably less for many of these same disadvantaged children.

Thus, in light of the failure of the traditional education road, as of this moment in history, to be effective in bringing disadvantaged children from the cyclical bog of poverty, we are leaning toward a counter view—that if family income can be raised substantially, then the children will begin to make significant gains in educational performance. Even if the education-first theory did work, the income-first theory might be preferable as it considerably shortens the time taken to reap the benefits. This generation experiences the escape from poverty and disadvantage, and the rest of our society its residual affects, rather waiting for a hoped for improvement in the next generation.

Why might income-first work? Because the child is most influenced by the parent. As income rises above subsistence levels, the parent's self-image will be enhanced, his belief in himself, his community, and his country will grow, and his aspirations for his children will crystallize into realiable goals based upon his new realities. Most important, perhaps, will be the school's new perception of him and his child as responsible, persons of worth, who can benefit from the educational process.

We are simply saying that it appears that wealth is the major standard of personal value in this society. Some human rights advocates have spoken about "green power" as the key to unlocking the doors to equality. This is much the same idea—that as family income rises, fundamental changes occur, both internally and externally, which brings about better utilization of our preesnt educational resources.

HOUSING

Anyone who has travelled to any extent by surface transport around the region has undoubtedly seen enough evidence to convince him that the South has serious housing deficiencies—especially in rural areas. The most recent data available shows that about one dwelling unit in 10 in this 12-state area is considered to be unsafe, unsanitary, or dilapidated.

Preliminary returns from other sources indicate that there may be some improvements occurring, but it is more probable that any such improvements, especially in rural areas, are the direct result of the destruction without replacement of unfit dwellings. Thus, the improvements would be purely statistical—not quantitative, and would signal a net loss in population as the former dwellers either moved from the area, and probably to the city, before the demolition or because of it.

The figures cited above also show that 31.6% of all substandard housing in this region is minority occupied, while 14.7% of all minority dwellings were classified as substandard as compared to only 6.3% for whites.

A number of problems currently confront an ytalkling

A number of problems currently confront anyone tackling the problem of providing decent housing for present and future rural populations in this region:

(1) Many minority families have incomes far too low to meet normal loan requirements, even with prevailing interest subsidies and below market rates;

(2) the private construction business is best equipped to produce a relatively high volume of housing units in a compact geographic area—which few rural situations can support;

(3) current rural federally subsidized housing programs in this region have failed to produce anything near a satisfactory level of construction—largely due to the inability of federal agencies to effectively bridge local resistances to minority land ownership, loan qualifications, provision of sanitary and other support services, etc.;

(4) most rural areas in this region lack comprehensive planning and zoning systems which could provide for orderly development and the presence of necessary facilities such as clean water, sewerage treatment, drainage, and adequate utilities, instead of the present unofficial system which works to exclude minority and disadvantaged families from the housing market.

There is little doubt that a decent home is a great incentive for a family to remain in a community, along with the other living qualities which rural life provides. New housing construction can also bring to a community many of those new jobs, as well as, other business which it is generally agreed that most of rural America badly needs. Poor people see television just as do other Americans, and they develop the same aspirations and levels of satisfaction. If rural communities cannot or will not meet these standards, then these shortsighted "leaders" can expect to see these people continue to look elsewhere.

HEALTH AND SOCIAL WELFARE

It would be possible to devote an entire hearing to either the problems of health or social welfare as these areas affect the lives of rural poor in the South. The plight of the rural poor is above all a problem related by displaced national priorities and created by a prolonged emphasis on urban development. It seems that our interests in rural development have become priorities accidentally and hopefully not too late. The current emphasis on rural development is actually based upon the desire to relieve the overwhelming pressures under which our rapidly decaying urban centers are currently straining.

Let me take a moment to offer meager praise to the current administration's Family Assistance Plan, perhaps a beginning step in the right direction for urban America. It also goes far in alleviating the gross inequities in public assistance payments which existed for Public Welfare recipients by State, and as a result could conceivably improve the quality of life somewhat in the rural South. As it is curerntly structured, however, it will do little to remedy the vast socio-economic problems of the rural South, for it is, and will continue to be, a grossly underdeveloped region within a nation of an unsurpassed standard of living. For in the rural South it is possible for a poor black or white man to work all his days and never escape the cycle of poverty. A sharecropper, farm laborer, or domestic worker cannot escape this cycle, and there are currently no options in most of the areas of the rural South.

Furthermore, the quality and quantity of social welfare services in the rural South is considerably below that of the rest of America. There is an absence of qualified and dedicated personnel who understand the problems of the rural poor. As a result, there are many poor rural Southerners, especially blacks, who are qualified for various forms of public assistance but who do not receive it. Many lack the knowledge and political sophistication of their urban counterparts to seek and demand what is rightfully theirs. Who is to advise them if the Welfare Caseworker or the Antipoverty worker will not?

As you may know, the family size of poor rural families is larger than the national average, and the lack of quality child care is extensive. Although the extended family has alleviated this immediate problem, it has produced a culturally isolated and deprived population which is not having a catastrophic effect on our urban centers. Even with a minimum income, we still face the immediate problem of making it available to every rural family that is qualified for it and also those supportive services in the area of management and family planning that will enable the rural poor to enter the mainstream of American life.

In addressing the welfare of the rural South, an over-riding concern for immediate consideration must be maternal and child health care. The rural South is the midwife capital of this nation and many births still occur in private dwellings. In fact, it is still possible for a child to be born and never see a physician, a dentist, or a public health nurse until he enters a public school system in some areas of the rural South. As you well know, the vast majority of the hospitals in the rural South are insufficient in terms of the number of beds and the number of trained personnel. Most are short term facilities offering the poorest quality of general care on a crisis basis. The number of specialty hospitals in the South is grossly below that of the national average and these rural poor are both economically and geographically isolated from these facilities. And to this the dearth of trained health and allied health professionals who are willing to locate in the rural South and you face a problem of bewildering proportions.

In many rural counties, public health services are available only on a part-time basis. Sanitation services are non-existant and you would not have to travel very far from this room to find homes with out-houses which are a potential and real hazard to the water supply of rural families. There are many children who never receive vaccinations of any type until they enter the public school system. Can you imagine such a potential hazard within a few miles of this very site?

The rural South has an epidemic of malnutrition. Nearly 40 per cent of low income families in the South have what are classified as poor diets. Southern families consume considerably more fats, oils, flour, cereal, eggs, sugar, and sweets than those in other regions. The consumption of milk and milk products is considerably lower in the South than in other regions of this nation, about seven gallons less per person per year. Southern families also consume less fruit than those in other regions of this nation, about 26 pounds less per person per year. There is also a high incidence of intestinal parasites. The rural South has the unusual distinction of being the land of the "peculiar diet." Among the poor malnourished black and white persons of the rural South, you will find such poor food choices as clay, chalk magnesium, starch, flowers, and refrigeration frost. A special type of white clay is sold in many farmers markets for personal consumption.

Planners in the urban areas of America are talking about the duplication and fragmentation of health and welfare services in our metropolitan areas, but it is not likely that the rural South will face these types of complex and sophisticated problems in the immediate future. It is almost impossible to duplicate services where no services exist or where they are of such limited quantity. In the rural South you can discuss fragmentation, but it is fragmentation of people and not services. There are people in the rural South that work in one county, purchase consumer goods in another county, purchase health services in a third county.

RECOMMENDATIONS: ECONOMIC DEVELOPMENT AND EMPLOYMENT

In order to provide the economic base and opportunities needed to meet the chronic problems of rural people and communities we offer the following recommendations for federal action, both legislative and administrative:

(1) That special capital depreciation allowances be made for industrial investment in areas defined as being rural in order to encourage the industrial and economic development of such communities. This plan is far superior to the current local tax competition models which shift the tax burdens to the local communities and their already depressed economic and income structure, and pits one disadvantaged community against another. Our plan will instead elevate rural economic development to the level of national public policy and spread the costs among the national components on a more equitable basis.

(2) That additional funds be made available for the "growth center" concept of rural industrial development—light industrial and business parks which can be served by one support network (sewers, utilities, transportation, etc.) and will show workers from a wide radial area, rather than a scattered and piecemeal site selection. Currently being administered by the Econemic Development Administration the program should be expanded, refined, and perhaps shifted (along with the entire EDA) in the proposed rural development reorganization.

(3) That the present agricultural oriented USDA Extension Service be redirected to service and support the requirements of rural industrial development.

(4) That additional funds be allocated for specially designed manpower training efforts aimed primarily not at "blue sky" careers which will require migration for all or nearly all graduates, at the known jobs which the other sectors of federal rural economic policy are creating right in the enrollers' immediate commuting area. These training programs must be separate from the "Manpower establishment" which has tended to perpetrate non-attainment and other resistances to equal employment results for so many of the rural poor.

(5) That during the interim until industrialization can begin to provide the 2 million new jobs now estimated to be needed in rural areas, a meaningful program of jobs in the public sector be established—especially for the young people who otherwise will be off to the city. Most rural communities have a large reservoir of conservation and environment oriented tasks which are becoming more and more crucial to the total life quality of all Americans. Parks to be built, maintained, and staffed, trees to be planted, neighborhoods to be planted, neighborhoods to be cleaned up and repaired, rivers to be stocked, and on and on.

(6) That appropriate equal opportunity mechanism be established and exercised over all aspects of rural economic programming. For too long federal resources aimed at alleviating rural problems have been controlled by the privileged few in many rural areas, while poor people and minority people have received little or no benefit from the programs written for them. The files of the U.S. Commission on Civil Rights are overflowing with documentary reports detailing the facts of how federal policy has been subverted. Thus, it is absolutely imperative that all rural programs contain strong and comprehensive equal opportunity investigative and enforcement powers and staff.

(7) That resources be channeled into the new sector concept of "agribusiness"—the restructing of agriculture or its derivative enterprises along new productive and processive lines entailing changes in the deployment of labor, capital and land. In other words, agribusiness concerns the industrialization of farming, which has been basically an extractive enterprise. Agribusiness, in one sense, changes farming to a more non-extractive status by converting the farm commodity into, or nearly into its marketable form—thus increasing the margin of value added which the community and its labor force retain. One idea which we believe has particular merit would involve poor farmers as owner/operators of an intensive vegetable growing and marketing combine utilizing land now lying fallow. Of course, many of us are familiar with the budding catfish raising and processing operations in several areas and the middle Georgia Flower growing enterprises.

(8) That a program of grants, loans, and technical assistance be established to promote and aid the establishment of an extensive system of both consumer and producer cooperatives among disadvantaged people throughout rural areas. We recognize some of the programs already existing and what has been accomplished. But it is entirely insufficient—especially regarding credit unions. These types of economic units promote community, identity, responsibility, trust and teamwork as well as provide economic and financial bases for solving underlying personal and collective problems. A unified, coordinated national thrust is absolutely essential in this area for the attainment of other rural development goals.

Before closing this section, we find it incumbent that we mention our reservations concerning national farm price-support and soil-bank programs. We find it inconsistent with reason or logic that many geographic sections receiving large payments also contain the poorest rural dwellers in this nation, who apparently receive not one cent of benefit from this huge subsidy.

We are sure there must be a better way—one which would allow food prices to fluctuate more in line with supply/demand factors and would funnel considerably more resources to the most needy farm families. We urge that any legislation emergency from the subcommittee deal with this most frustrating and inequitable situation.

EDUCATION

Of course, there are many specific areas where federal intervention and assistance are needed in order to assure adequate and equitable educational opportunity for rural citizens. From this total perspective, we make the following recommendations:

(1) That efforts be concentrated on raising significantly the incomes of rural families by applying the related recommendations in other sections of this report concerning economic development and employment and through the implementation of an adequate national minimum income policy;

(2) That federal legislation be enacted establishing special grants for public education in districts serving predominantly rural and disadvantaged populations with emphasis on attaining specific pupil gains in communications skills and on the teachng of certain basic vocational skills identified as being in line with national rural economic development policy and goals;

(3) That the federal government provide subsidies and grants to supplement the teacher salary scales in districts serving predominantly rural and disadvantaged populations in order to reduce, and even reverse, the drain of the most able teachers into metropolitan areas; and that special scholarship and loan funds be established for rural and other youth seeking teaching careers who are willing to commit themselves to teaching for a minimum of five years in districts identified as being rural and disadvantaged;

(4) That federal money be made available for research and the extensive training of teachers in rural and disadvantaged districts in human relations, concentrating on affirmative ways of overcoming teacher biases in the areas of poverty, race, culture, rurality, and similar factors;

(5) That legislation be enacted providing a high level of federal matching grants for the construction and operation of community colleges and vocational schools in rural areas having significantly high ratios of poverty, minority populations, or educational underachievement, and for the free transportation all young people enrolled from the district or districts involved.

In further comment on the final recommendation, we recognized that several states in this region and elsewhere have established similar structures already—many covering the entire state. This is by no means, however, the case everywhere.

We are also concerned, and have been unable to obtain sufficient data to date, about whether these state-run systems are really anymore effective in reaching disadvantaged youth than government figures show the public schools to be. Thus, we propose that the federal sector take a much more active role in this area to ensure that all citizens, no matter in which state they live, have equal opportunity for a sound education and that, as a matter of national policy, certain criteria relating to the effectiveness and efficiency of higher education for the most needy Americans be uniformly applied, as we have proposed it be for elementary and secondary schools.

HOUSING

To meet the housing needs of rural America and the goals of national policy, we propose the following recommendations:

(1) That the several agencies and programs now responsible for meeting rural and small town housing needs be restructured to divest it from those systems devised to aid farming improvement and urban redevelopment;

(2) That this new or reconstituted agency be given clear and concise housing goals in terms of both eliminating delapidated housing and providing a set amount of new units within a reasonable period of time, with specific allotments for the various types of housing as identified:

(3) That new legislation be formulated authorizing additional subsidized and low-interest housing, both single and multi-family, rental and owner-occupied, but with emphasis on developing home ownership, specifically for rural areas, and that a new program be devised for the very low-income households which will provide for either lower interest rates than now permitted through government guarantees, or no interest at all, or some sort of direct subsidy of principle as well as interest;

(4) That money be made available for further development of innovations in low-cost housing construction such as modulars, etc., and for loans to individuals and groups, such as cooperatives and community-based corporations, for initiating or expanding minority-owned construction firms and operations and ancillary businesses such as building supply firms, construction material manufacturers, and modular and prefabricated housing plants.

HEALTH

To insure a healthy and better life for rural Americans, we recommend:

(1) That a National Health System be devised that is available to and functions effectively for all regardless of age, race, sex, location, citizenship status, or income. This is a vital requirement, particularly in view of the fact that some 24 million Americans under 65 have no health insurance.

(2) That a National Health System must provide a tax supported public health professional education and training program which is free to any applicant able to utilize the training and education necessary to fulfill a wide range of health professional roles.

(3) That a National Health System must assure that comprehensive and specialized health care services are distributed evenly through the nation by area and in accordance with the needs of the populace.

(4) That a National Health System must be committed to the flexibility necessary to discover and implement new ways to raise standards of care through the recruitment and training of paraprofessional personnel and to the establishment of career ladders which enable advancement to higher levels of service.

(5) That to be effective, a National Health System must be administered by a single agency under community influence and control and have a Secretary of Health at its head.

(6) That because of the amount of money that this country squanders in underdeveloped countries is shameful in light of the conditions in the Rural South, we recommend that a program of citizen education and service designed to improve and elevate the health and welfare position of the black and white poor of the rural South be established.

SOCIAL WELFARE

(1) That a guaranteed minimum income, above and beyond that of the present Administration's, be a right and a reality for all citizens.

(2) That institutional racism be eradicated in all social welfare delivery systems—both public and private. This would include public agencies such as the USDA, state departments of public welfare and so on. It would also include all private agencies who provide services to the poor both black and white.

Senator ALLEN. There have been filed with the subcommittee statements by Lloyd Jackson, nationtime consultants, Dr. Ozias Pearsen, and a statement for the Georgia Electric Membership Corp., and others, and these statements will be included in the record.

(The statements referred to follow:)

STATEMENT OF LLOYD JACKSON, DIRECTOR, NATIONTIME CONSULTANT FIRM, ATLANTA, GA.

Today our nation is faced with a domestic crisis. Each year millions of the rural poor, mostly black, move into the cities.

A great majority of them are unskilled and cannot find gainful employment. As a result, our cities are experiencing acute overcrowding in practically all areas.

The urban welfare rolls are [illegible]ed, and the housing shortage is severe.

There is also a rapid rise in crime; and racial tension is at a boiling point; in fact, there is a serious threat of complete inner-city decay.

Let's look at some statistical information. According to the 1970 census report, approximately 73.5% of our population is living in the urban areas compared to 70% in 1950. In the south, the rate of increase was much more in 1950. In 1950, 58.5% of the country's population lived in the urban areas. The 1970 census report shows that 64.4% of the population now lives in urban areas.

The movement from the rural to the urban areas in Georgia is in keeping with the trend of the rest of the south. The percentage in 1960 was 59.2%; however, according to the 1970 report, it is now 65.4%, an increase of 6.2% over a ten year period of time. This nation has been largely oblivious of these 14 million impoverished people that are left behind in rural America. The nation programs for rural America is woefully out of date.

This report is about a problem which many in the United States do not realize exists. The problem is rural poverty. It affects millions of Americans. Rural poverty is so widespread and so acute as to be a national disgrace, and its consequences have swept into our cities violently.

The urban riots during 1967 had their roots, in considerable part, in rural poverty. A high proportion of the people crowded into city slums today came from rural slums. This fact alone makes clear how large a stake the people of this nation have in an attack on rural poverty.

The total number of rural poor would be even larger than 14 million had not so many of them moved to the city. They made the move because they wanted a job and a decent place to live. Some have found them; many have not. Many merely exchanged life in a rural slum for life in an urban slum, at exorbitant cost to themselves, to the cities and to rural America as well.

Even so, few migrants have returned to the rural areas they left. They have apparently concluded that bad as conditions are in an urban slum, they are worse in the rural slum they fled from. There is evidence in the pages of this report to support their conclusion.

Some of our rural programs, especially farm and vocational agriculture programs are relics from an earlier era. They were developed in a period during which the welfare of farm families was equated with the well-being of rural communities and of all rural people. This no longer is so.

They were developed without anticipating the vast changes in technology, and the consequences of this technology to rural people. Instead of combating low incomes of rural people, these programs have helped to create wealthy landowners while largely bypassing the rural poor.

Most rural programs still do not take the speed and consequences of technological change into account. We have not yet adjusted to the fact that in the brief period of 15 years, from 1950 to 1965, new machines and new methods increased farm output in the United States by 45 percent and reduced farm employment by 45 percent. Nor is there adequate awareness that during the next 15 years the need for farm labor will decline by another 45 percent. Changes like these on the farm are paralleled on a border front throughout rural America, affecting many activities other than farming and touching many more rural people than those on farms.

In contrast to the urban poor, the rural poor, notably the white, are not well organized, and have few spokesmen for bringing the Nation's attention to their problems. The more vocal and better organized urban poor gain most of the benefits of current antipoverty programs.

Until the past few years, the Nation's major social welfare and labor legislation largely bypassed rural Americans, especially farmers and farmworkers. Farm people were excluded from the Social Security Act until the mid-1950's. Farmers, farmworkers, and workers in agriculturally related occupations are still excluded from other major labor legislation, including the unemployment insurance programs, the labor Management Relations Act, the Fair Labor Standards Act, and most State Workman's Compensations acts.

Because we have been oblivious of the rural poor, we have abetted both rural and urban poverty, for the two are closely linked through migration. The hour is late for taking a close look at rural poverty, gaining an understanding of its consequences, and developing programs for doing something about it. Nationtime is unanimous in the conviction that effective programs for solving the problems of rural poverty will contribute to the solution of urban poverty as well.

The facts of rural poverty are given in detail later in this report. They are summarized in the paragraphs that follow.

Rural poverty in the United States has no geographic boundaries. It is acute in the South, but it is present and serious in the East, the West, and the North. Rural poverty is not limited to Negroes. It permeates all races and ethnic groups. Nor is poverty limited to the farm. Our farm population has declined until is it only a small fraction of our total rural population. Most of the rural poor do not live on farms. They live in the open country, in rural villages, and in small towns. Moreover, contrary to a common misconception, whites outnumber nonwhites among the rural poor by a wide margin. It is true, however, that an extremely high proportion of Negroes in the rural South and Indians on reservations are destitute.

Hunger, even among children, does exist among the rural poor, as a group of physicians discovered recently in a visit to the rural South. They found Negro children not getting enough food to sustain life, and so disease ridden as to be beyond cure. Malnutrition is even more widespread. The evidence appears in bad diets and in diseases which often are a product of bad diets.

Disease and premature death are startlingly high among the rural poor. Infant mortality, for instance, is far higher among the rural poor than among the least privileged group in urban areas. Chronic diseases also are common among both young and old. And medical and dental care is conspicuously absent.

Unemployment and underemployment are major problems in rural America. The rate of unemployment nationally is about 4 percent. The rate in rural areas averages about 18 percent. Among farmworkers a recent study discovered that underemployment runs as high as 37 percent. The rural poor have gone, and now go, to poor schools. One result is that more than 3 million rural adults are classified as illiterates. In both educational facilities and opportunities, the rural poor have been shortchanged.

Most of the rural poor live in atrocious houses. One in every 13 houses in rural America is officially classified as unfit to live in. Many of the rural poor live in chronically depressed poverty-striken rural communities. Most of the rural South is one vast poverty area. Indian reservations contain heavy concentrations of poverty. But there also are impoverished rural communities in the upper Great Lakes region, in New England, in Appalachia, in the Southwest, and in other sections.

The community in rural poverty areas has all but disappeared as an effective institution. In the past the rural community performed the services needed by farmers and other rural people. Technological progress brought sharp declines in the manpower needs of agriculture, forestry, fisheries, and mining. Other industries have not replaced the jobs lost, and they have supplied too few jobs for the young entries in the labor market. Larger towns and cities have taken over many of the economic and social functions of the villages and small towns.

The changes in rural America have rendered obsolete many of the political boundaries to villages and counties. Thus these units operate on too small a scale to be practicable. Their tax base has eroded as their more able-bodied wage earners left for jobs elsewhere. In consequence the public services in the typical poor rural community are grossly inadequate in number magnitude and quality. Local government is no longer able to cope with local needs.

As the communities ran downhill, they offered fewer and fewer opportunities for anyone to earn a living. The inadequately equipped young people left in search of better opportunities elsewhere. Those remaining behind have few resources with which to earn incomes adequate for a decent living and for revitalizing their communities. For all practical purposes, then, most of the 14 million people in our poverty areas are outside our market economy. So far as they are concerned, the dramatic economic growth of the United States might as well never have happened. It has brought them few rewards. They are on the outside looking in, and they need help.

Congress and State legislatures from time to time have enacted many laws and appropriated large sums of money to aid the poverty striken and to help rural America. Very little of the legislation or the money has helped the rural poor. Major farm legislation directed at commercial farms has been successful in helping farmers adjust supply to demand, but it has not helped farmers whose production is very small. And because the major social welfare and labor legislation has discriminated against rural people, many of the rural poor—farmers and farmworkers particularly—have been denied unemployment insurance, denied the right of collective bargaining, and denied the protection of workman's compensation laws.

Nationtime questions the wisdom of massive public efforts to improve the lot of the poor in our central cities without comparable efforts to meet the needs of the poor in rural America. Unfortunately, as public programs improve the lot of the urban poor, without making similar improvements in conditions for the rural poor, they provide fresh incentive for the rural poor to migrate to the central cities. The only solution is a coordinated attack on both urban and rural poverty.

Nationtime has endeavored to chart a course to wipe out rural poverty. Emphasis has been placed on the problems of poor rural people, and problems of impoverished rural communities. Changes in existing programs and the development of a new program is considered. Action on the immediate needs of the rural poor is emphasized, as well as action to change the conditions which make them poor. Human development and the physical resources needed for this development are stressed. Improving the operation of the private economy in order to provide rural people with better opportunities for jobs and a decent living is emphasized.

It is the firm conviction of Nationtime that the complexity of the problems of rural poverty preclude the success of a single program or approach. Programs addressed to immediate needs will not erase the underlying conditions creating and perpetuating rural poverty. Programs addressed to these conditions will not immediately help the poor. In tital, the recommendations of Nationtime will go far to solve the problems of rural poverty.

Nationtime is convinced that the abolition of rural poverty in the United States, perhaps for the first time in any nation, is completely feasible. The nation has the economic resources and the technical means for doing this. What it has lacked, thus far, has been the will. Nationtime rejects the view that poverty, in so rich a nation, is inevitable for any large group of its citizens.

1. Nationtime recommends that the United States adopt and put into effect immediately a national policy designed to give the residents of rural America equality of opportunity with all other citizens. This must include equal access to jobs, medical care, housing, education, welfare, and all other public services, without regard to race, religion, or place of residence.

2. Nationtime recommends, as a matter of urgency, that the national policy of full employment, inaugurated in 1946, be made effective. The need is even greater in rural areas than in urban areas. Nationtime urges that this need be given priority in legislation and appropriations. To the extent that private enterprise does not provide sufficient employment for all those willing and able to work. It is our belief that it is the obligation of government to provide it.

3. Nationtime believes that the United States has the resources and the technical means to assure every person in the United States adequate food, shelter, clothing, medical care, and education and, accordingly, recommends action toward this end. Millions of rural residents today are denied the opportunity of earning a living. Nationtime believes it is the obligation of society and of government, to assure such people enough income to provide a decent living. In order to achieve this, basic changes are recommended in public assistance programs. In some rural areas of the United States there is not only malnutrition but hunger. Existing public programs for food distribution to those in need have failed to meet the need. Nationtime recommends that the food stamp program be expanded nationwide and that eligibility to benefit be based upon per capita income. Food stamps should be given to the poorest of the poor without cost.

4. Nationtime recommends a thorough overhauling of our manpower policies and programs, particularly including public employment services, in order to deal effectively with rural unemployment and underemployment. Nationtime deplores the fact that the richest, most powerful nation in history compels millions of its citizens to engage in aimless wandering in search of jobs and places to live. Our recommendations aim at a comprehensive and active manpower program which can be an effective weapon against poverty.

5. Nationtime recommends extensive changes in our rural education system, ranging from preschool programs to adult education. Rural schools must be brought up to par with urban schools. The education system must reclaim youth and adults who drop out before obtaining sufficient education to cope with the complexities of today's world. An educational extension service is recommended to help teachers and schools meet the needs of all students.

6. Nationtime is deeply concerned at the evidence of disease and the lack of medical care in rural areas. Nationtime, therefore, recommends rapid expansion of health manpower—both professional and subprofessional—in rural areas, and the establishment of Community Health Centers which can focus on the health needs of rural people.

7. Nationtime recommends development and expansion of family planning programs for the rural poor. Low income families are burdened with relatively numerous children to feed, clothe, and house. They are prepared psychologically to accept family planning. As a matter of principle, they are entitled to facilities and services to help them plan the number and spacing of their children.

8. Nationtime recommends immediate action to provide housing in rural areas by public agencies and puts special emphasis on a program providing rent supplements for the rural poor. We further recommend that a single unified housing agency be made responsible for housing programs in rural areas and that credit terms be made more responsive to need. Nationtime also urges a substantial increase in appropriations for Indian housing.

9. Nationtime believes that the overlapping patchwork of districts, organizations, plans, and programs for development impedes the economic development of lagging and poverty-stricken areas and regions. It, therefore, recommends the creation of multicounty districts, cutting across urban-rural boundaries, to cooperatively plan and coordinate programs for economic development. To finance development, we recommend Federal grants, loans, and industrial development subsidies, as well as State and local tax reforms.

10. Nationtime believes that without citizen responsibility, which includes the active involvement and participation of all, antipoverty and economic development programs will flounder. Therefore, we recommend that increased attention be given to involving the poor in the affairs of the community, on both local and areawide levels. Specific suggestions are made for improving the effectiveness of the antipoverty programs of the Office of Economic Opportunity and the Department of Agriculture.

11. Nationtime recommends that the Federal Government re-examine its commercial farm programs in order to make sure that adjustments in the supply of farm products are not made at the expense of the rural poor. Public programs are recommended to enlarge small farm operations and to retire submarginal land from commercial production, but with safeguards protecting the interest of low income families living on submarginal land. Nationtime also recommends that the development of additional farmland with public funds cease until the nation's food and fiber needs require this development.

12. Without effective government at all levels, the recommendations in this report will not result in the eradication of rural poverty. Nationtime recommends changes in program development and administration to facilitate and encourage the effective involvement of local, state, and Federal governments.

Statement of Ozias Pearson, Director, Rural Community Assistance Consortium, Atlanta, Ga.

The Office for Advancement of Public Negro Colleges (OAPNC) of the National Association of State Universities and Land-Grant Colleges (NASULGC) has discerned a role which it and the public traditionally Black colleges can play in the new emerging national thrust, especially in the rural South, of identifying and serving needs of rural people through establishment and administration of the Rural Community Assistance Consortium (RCAC).

RCAC has become a reality through close, continuing cooperation between the Office of Economic Opportunity in Washington (OEO), leadership of the National Association of State Universities and Land-Grant Colleges (NASULGC), and OAPNC.

Being close to the center of the identified national thrust, the Community Development Branch of Office of Program Development, OEO-Washington, recognized the potential contribution of the public Black institutions and expressed an interest in providing basic financial support for a programmatic mechanism which could coordinate, facilitate, and release the potential of these institutions in developing and launching service programs for rural people.

BACKGROUND OF RCAC

RCAC represents the fruition of ideas originally broached at a "Rural Economic Development Dialogue" conference held on the campus of Southern University in Baton Rouge, Louisiana on January 31–February 1, 1970.

Faculty and administrative personnel representing seven of the fifteen schools which now comprise RCAC were in attendance. Government officials from the

U.S. Department of Agriculture, and the National Research Council were also in attendance, along with the Director of OAPNC.

Key issues at the Southern University Conference were (1) utilization of the resources of the Black land-grant colleges in implementing innovative approaches to meeting the needs of rural people, (2) reversing the plight of our colleges in securing the necessary resources required to perform an effective service function in their respective communities, and, (3) the recommendation of the formulation of a consortium to pursue effective solutions for schools with similar problems.

THE RCAC PROGRAM

The RCAC grant provides an opportunity for the fifteen predominately Black land-grant colleges to pursue service programs for rural people. The Consortium is designed to effect leadership through the provision of training and technical assistance consistent with program projections of the member colleges.

End products of program efforts will be directed towards fuller development of human resources and identification of ways of mobilizing existing or potential resources for the improvement of living conditions in local communities served by the colleges.

The basic objective of the Consortium is to increase the demonstratable capabilities of the member schools to attract and maintain funded programs and qualified resource personnel as aids to upgrading human and community resources in rural areas serviced by the participating institutions.

It is envisioned that the Consortium will provide a basis for exploration in several service areas. While the respective colleges will be responsible, initially, for establishing their program priorities, the following general areas serve as points of departure:

A. Community Leadership;
B. Child Development;
C. Economic and Manpower Development;
D. Farm Cooperatives;
E. Health and Nutrition;
F. Recreation;
G. Adult Education; and
H. Program Design, Proposal Writing, and Evaluation Techniques.

The RCAC grant provides for some financial assistance to member schools directly through (1) payment of travel expenses for school representatives to RCAC-related activities such as seminars, conferences, workshops, small group interactions, and project site visitations, and, (2) technical assistance consultants and training specialists.

The most immediate tangible efforts of the Consortium will be the preparation and communication of formal proposals for funding of service programs identified in the respective states and the securing of necessary financial resources to launch the programs planned. Thus, other branches of the Federal government and private agencies are afforded an opportunity to participate in this important undertaking. The basic OEO grant to establish RCAC does not include funds necessary to operate programs at individual schools.

It is our considered opinion than any significant attempt to energize the rural areas in the fifteen states served directly by the Rural Community Assistance Consortium School should involve a key role for these land-grant institutions. Early efforts in this direction might include some hearings on rural development on the campuses of some 1890 institutions as well as the provision of significant appropriations consistent with the enormity of the rural problems to be addressed, in future legislation growing out of hearings such as this one.

STATEMENT OF WALTER HARRISON, PRESIDENT, GEORGIA ELECTRIC MEMBERSHIP CORPORATION, MILLEN, GA.

The Georgia Electric Membership Corporation is the statewide service organization of the 41 rural electric systems in the state of Georgia. These systems distribute electricity to over 400,000 customers. In order to provide adequate electric service these electric cooperatives maintain over 75,000 miles of distribution lines, serving in virtually every county of the state.

We are indeed proud to submit this statement on behalf of Georgia's rural electric systems. The state's Senior Senator, Herman E. Talmadge of Georgia has been and is playing such an instrumental role in rural development. The great interest he has manifested in this subject is indicative of the great state he represents. The State of Georgia, through the vision of its leaders, has conceived and developed the nation's only Rural Development Research Center.

This Research Center is dedicated to finding ways and means of solving the ills of rural Georgia and rural America. The creation of job opportunities, better community services and an improved social and physical environment in the small cities, towns, villages and farm communities in Georgia will help stem the migration from the rural to urban areas that has been taking place throughout all America. When this and only this has been accomplished will the nation begin to achieve Rural Urban balance.

This is what Rural Development is all about.

This is what Title IX of the 1970 Agriculture Act, as sponsored by Senator Talmadge, brings forth as the greatest priority outlined in the Consolidated Farm and Rural Development Act of 1971.

No one has been more active in the field of rural development than the electric cooperatives. Since 1961, when the first rural development act was approved by Congress, rural electric systems leaders have consistently contributed their time and talents to rural area development.

The statewide association, Georgia E.M.C., during this period of time, has developed an Industrial Development program with a full time Industrial Development representative. The sole purpose of this department has been to work with communities throughout Georgia in an effort to create and stimulate economic development. The fruits of this labor have directly resulted in new jobs and a general up-lifting of the economic stability of rural Georgia. The first years of this program were spent in the educational area, and it has taken time to develop bricks, mortar, and the increase of jobs.

The educational process has involved creating a community awareness of the needs of industry and an expanding economy. Many projects such as: Industrial parks, County Overall Economic Development Plans, adequate water and sewer systems and the need for adequate housing, had to be brought to the attention of community leaders before new job opportunities could become a reality.

According to national statistics:

Over half the nation's substandard homes—more than four million—are in rural America.

Nearly 30,000 rural communities are without water systems—about 45,000 without sewer systems—thousands lack medical centers, libraries, good schools, recreation programs.

Rural unemployment figures in many areas run nearly 18 per cent.

The effects of high interest are most sharply felt in the countryside where there is a chronic shortage of risk capital.

Moreover, the Central Savannah River Area Planning and Development Commission, headquartered in Augusta, Ga., recently conducted a survey of housing needs in the CSRA area. The Commission which has jurisdiction in 13 surrounding counties, determined that within the 12 rural counties outside the Augusta, Richmond County area, there were 19,673 substandard units. Of this total, 7,398 would need replacing while 12,275 would require rehabilitation by 1979. In addition, it was projected that a total 12,351 additional units would be needed in order to meet the population growth trends.

It is our belief that the rural development legislation will be of great benefit toward alleviating these conditions. Therefore, we commend Senator Hubert H. Humphrey, as Chairman of the Senate Subcommittee on Rural Development, for his untiring efforts and energies toward furthering the great potential of America's countryside.

Rural electric cooperatives in their beginning, 36 years ago, could be compared to a rural development project that offered no more than an opporutnity for rural people to upgrade their own welfare. Today it cannot be overlooked that:

the EMCs are located in predominately rural areas

their headquarters buildings are often times the only available sites for community meetings

in many instances, they are the largest single employer in the community

The rural electric cooperatives are living examples of rural development in motion—and we stand ready to assist in the further development of the State of Georgia.

CLEVELAND, GA., *July 13, 1971.*

Senator HUBERT HUMPHREY,
Chairman, Sub-Committee on Rural Development, Senate Agricultural Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR HUMPHREY: It was a pleasure to meet you in Tifton, Ga., on July 9. I appreciate your bringing your sub-committee out into the field for hearing testimony. As I mentioned to you then, I am originally from the Eau Claire, Wis. area and have been working in North Georgia for the past 8 years. We certainly need rural development.

Before closing out the hearing, Senator Allen said that you would accept testimony for one week as part of the Tifton hearings. I would like to offer my ideas for your consideration.

I think the essential quality for a plan for rural development is that it be comprehensive. I am not asking for an omnibus rural development bill, but a comprehensive national plan for rural development. This would include the goals for population distribution, for housing, for education, for health services, and for economic development. As individuals bills are drafted, they would then be drafted against this comprehensive plan. Then, we, as a people, would know how far we had come and how much farther we had to go.

As planning is essential on a local level, I think it is equally important on the national level. Pragmatism and expediency are understandable in our political life, but they are not substitute for planning.

The second most necessary element of rural development, as I see it, is the streamlining of government agencies. I was chairman for a 16 county CAP agency for 3 years. During that time I saw the almost unbelievable multiplicity of health, welfare, education, labor, economic development and agricultural agencies on both the local and the multi-county level. More than that, these agencies overlapped in areas of jurisdiction and duplicated each other's services. We were committed to help unravel that maze, but we only contributed to it more. The state and federal government comes to the local and multi-county area with a multiplicity of programs which lack coordination. The Technical Action Panel was a good concept but it did not work either.

I would like to offer a rather wild idea that might be a possibility: Life is complex and complex rules and regulations must be drawn up to separate those who qualify for various programs from those who do not. Why could not these complex qualifications be put on a computer? Each Federal agency would feed its programs into the computer. At the local level a representative from the Federal government would interview the person or community seeking help and would feed his particular data into the computer. The computer would then print out these programs for which he is eligible.

I know it sounds impersonal, but it may actually be more personal. Now the social worker is pitted against the client because the social worker or the agency person is a symbol of the governmental regulations. Under the idea I am suggesting, the government representative could be seen as an advocate of the citizen and pitted against the computer trying to find circumstances in the person's or the community's life which would make him eligible for programs.

I am committed to rural development because I am committed to human development and the rural areas have been detrimental to the full human development of our citizens. Count me as a supporter of your work.

Your Brother in Christ,

REV. FRANK RUFF,
Regional Office for Non-Metropolitan Ministries.

STATEMENT OF W. H. HARPER, JR., EXECUTIVE VICE-PRESIDENT, BANK OF WAYNESBORO, WAYNESBORO, GA.

Mr. Chairman and distinguished members of the Subcommittee, my name is W. H. Harper, Jr. I am Executive Vice-President of the Bank of Waynesboro, Georgia. I appreciate the opportunity to present to you this brief on some of the program benefits my County has received from our Area Planning and Development Commission.

As a very rural County, losing population over the last few decades, we do not have the resources to employ the professional staff we need to aid us in our problems on a full-time basis.

The following information is presented on the efforts that we have engaged in with our Area Planning and Development Commission to improve rural development in Burke County.

Burke County, which is our largest county area-wise, has benefited significantly from the rural development contributions of membership in the 13-county Central Savannah River Area Planning and Development Commission. The area commission has provided urgently needed technical planning and development assistance to the local officials and groups charged with the responsibilities of furthering community goals in an orderly and efficient manner. Specific examples of the myriad rural development problems and programs of Burke County which have been attacked head-on by the joint regional-local approach are listed below:

COMMUNITY FACILITIES

Housing—The C.S.R.A. Planning & Development Commission assisted the City of Waynesboro in acquiring 5 new low-rent housing units in 10. Through the Comprehensive Planning Program, the C.S.R.A. Commission prepared land use and structural conditions maps for Waynesboro, Midville and Sardis in 1967, to identify the qualitative and quantitative housing problems in those communities. Measures to correct identified deficiencies were suggested, and many of these suggestions are being implemented. The City of Waynesboro, in particular, has implemented suggestions by initiation of a proposed Urban Renewal project in 1970 and by implementing codes enforcement measures. A regional housing study was completed in 1969, which described quantitative housing needs in Burke County. The Commission is presently developing a region-wide housing program to eliminate deficiencies. A housing site aggregation survey was completed in Burke County during November, 1970, and a codes standardization program was completed in December, 1970. The C.S.R.A. regional housing element, prepared in 1969, kept local Burke County communities eligible for housing funds. Specific housing market feasibility reports for Burke County are being prepared to assist in housing construction during 1971. Waynesboro's subdivision regulations, prepared by Commission staff, are presently being implemented and a new 156-lot subdivision to consist of predominantly non-white lots will be initiated soon.

2. Financial Management Assistance—A report entitled *Comparative Financial & Management Analysis for the Central Savannah River Area* was completed in 1967. This particular document included sections on Waynesboro, Midville, Girard, Keysville and Sardis, plus the Burke County government. A model accounting and data system was prepared for all counties within the C.S.R.A. in 1967, and the C.S.R.A. Commission agreed to pay the initial set-up fees for establishing Burke County's tax digest on a computer program in 1969. The computerization of the tax digest for Burke County has been completed. An in-depth fiscal capabilities report is currently being prepared for Burke County to establish economic feasibility for the County to jointly finance various community facilities, with special emphasis being placed on the county-wide solid waste collection and displosal system. Capital Improvements Program and Budgets have been prepared for Midville and Waynesboro during 1970. The C.S.R.A. Commission staff also provided significant technical assistance to the revision of Waynesboro's property tax management system. The Waynesboro accounting system is now completely on a computerized system as per C.S.R.A. Commission's recommendation. A 1971 up-date of the County and local community tax structure analysis for Burke County has just been completed to determine the capability of financing needed community facilities.

3. Utilities—A report entitled *Regional Water and Sewer Plan, Burke County*, was completed in 1968 and included the communities of Alexander, Waynesboro, Midville, Sardis, Gough, Keysville, Vidette, and Girard. This water and sewer plan is required by Federal legislation for eligibility for Federal funds for water and sewer projects. With assistance from the C.S.R.A. Planning & Development Commission, Waynesboro, Midville, and Girard received grants and loans for water or sewer improvement during the past four years. The City of Waynesboro received the largest amount for water and sewer systems in 1969 upon the receipt of $318,000 grant from the Economic Development Administration for water and sewer improvements. Under existing legislation, such Federal grant assistance would not be available to Burke County communities if: (1) the

C.S.R.A. Commission was not an approved Economic Development District; (2) the local assistance program to Waynesboro and Midville was not avaliable; and (3) the C.S.R.A. Commission had not prepared an area-wide water and sewer plan.

A joint landfill-solid waste collection system has been proposed for Burke County as a result of a three-year study made possible by a $120,000 grant from the U.S. Public Health Service. This proposal, when implemented, should help considerably in eliminating the roadside dumps which are not only an aesthetic blight, but a public health menace.

4. Public Safety—Through the assistance of the Commission's law enforcement coordinator, the Burke County Sheriff's Department has been authorized a Federal grant of $2,400 for $4,000 worth of equipment (65% grant) for 1970 and Waynesboro's police department has been authorized a grant of $2,640 for $4,400 in police equipment. Requests for funding in 1971 includes Waynesboro's police department for a $3,480 grant to purchase $5,800 in police equipment and Sardis police department to purchase $2,500 in police equipment with a $1,500 Federal grant. Each of the law enforcement agencies in Burke County has also benefited from the 10-week course in firearms and law enforcement training held in Millen and special law enforcement training courses offered in Augusta. Without the assistance the C.S.R.A. Commission, the above grants and training programs could not have been provided. Future grants and training programs under this law enforcement program will be based on continued coordination of the C.S.R.A. Commission staff.

5. Highways—The C.S.R.A. Commission staff has provided technical assistance to the Burke County Board of Commissioners and local communities of Burke County in development of highway plans for the appropriate jurisdiction. The 1968 Highway Functional Classification plan for Burke County, prepared in 1969, the 1990 Highway Functional Classification plan for Burke County, prepared in 1970, are a requirement of the Bureau of Public Roads in order that Burke County will be eligible for Federal funding for road projects in the future. The C.S.R.A. Commission staff along with the Waynesboro Municipal Planning Commission worked closely with the Highway Department officials in preparing the Waynesboro Transportation plan in 1969. This plan was the first comprehensive transportation plan on a community of Waynesboro's size in the State of Georgia. Steps to implement the plan are already underway with purchase of a 130-foot right-of-way along the Lovers Lane by-pass area. Additional assistance to the Highway Department and County on the proposed bridge across the Savannah River at Shell Bluff was also provided in 1963 and 1969. The Savannah-Augusta Industrial Corridor feasibility study was published in 1967. This study was a cooperative effort between the C.S.R.A. Planning & Development Commission and the Georgia Southern Area Planning Development Commission, and included a route through Burke County which would have a significant impact on the future economic development within the County.

TECHNICAL PLANNING ASSISTANCE

1. Local Planning Assistance—The Planning Commission staff of the C.S.R.A. Planning & Development Commission have, since 1966, continuously assisted the Waynesboro and Midville Municipal Planning Commissions. Technical guidance from the C.S.R.A. Planning Commission staff has been available to develop and implement local comprehensive planning programs.

2. Technical Reports—The C.S.R.A. Commission staff prepared the following reports in cooperation with the local planning commission:

Land Use Base Maps, Waynesboro, 1966
Land Use Maps, Midville, 1966
Land Use Maps, Sardis, 1966
Land Use Maps: Gough, Keysville, Vidette, Girard and Alexander, 1966
Base Maps, Burke County, 1966
Population Patterns and Projections, Burke County, 1967
Land Use Plan (Revised), Waynesboro
Savannah-Augusta Highway Feasibility Study (through Burke County), 1967
Soil Suitability for Land Development, Burke County
Zoning Ordinance, Waynesboro, (Revised), 1967
Land Use Plan, Midville, 1967
Community Facilities Plan, Midville, 1967
Environmental Health Survey, Waynesboro, 1967

Environmental Health Survey, Midville, 1967
Environmental Health Survey, Sardis, 1967
Regional Water and Sewer Plan, Burke County, 1968
Zoning Ordinance, Midville, 1968
Major Road Plan, Waynesboro, 1968
Land SubDivision Regulations, Waynesboro, 1969
Housing Evaluation, Waynesboro, 1969
Housing Program Goals and Priorities, Waynesboro, 1969
Transportation Study, Waynesboro, 1969
Downtown Redevelopment Plan, Waynesboro, 1970
Community Facilities Plan, Waynesboro, 1970
Capital Improvements Program and Budget, Waynesboro, 1970
Capital Improvements Program and Budget, Midville, 1969
C.S.R.A. Airport Inventory, Burke County portion, 1969

DEVELOPMENT ASSISTANCE

1. Economic Development Assistance—The C.S.R.A. Planning & Development Commission staff has made significant contributions to the Burke County Economic Development program. Included among the various publications and assistance are:

Economic Profile of Waynesboro-Burke County, 1963, 1966, and 1969
Economic Profile of Midville-Burke County, 1963 and 1969
Industrial Site Survey, Burke County, 1963
Manpower Resources, Burke County, 1963
Manpower Resources in the C.S.R.A., Burke County Portion, 1963 and 1968
Agriculture and Agribusiness, Burke County, 1964
Tourism Development in the C.S.R.A., Burke County portion, 1964
Mineral Resources in the C.S.R.A., Burke County portion, 1967
Over-All Economic Development Program, Burke County portion, 1967
Burke County Over-All Economic Development Program Progress Report, 1966, 1967, 1968, 1969, and 1970
Comparative Financial Management and Analysis of C.S.R.A. Cities, Waynesboro, Midville and Sardis, 1967
Survey of Police Costs, C.S.R.A., Burke County portion, 1968
Regional Criminal Justice Planning, C.S.R.A., Burke County portion 1969 and 1970
Burke County Industrial Park, 1969

2. Eligibility for Economic Development Administration Funding—The designation of C.S.R.A. Planning & Development Commission as an Economic Development District in 1967 meant that communities within the region had the opportunity to share greater financial grants from the Federal government, particularly from the Economic Development Administration. The Burke County Development Authority received a $208,000 grant-loan from Economic Development Administration in 1969 for developing the Burke Industrial Park. As part of this industrial park development, Waynesboro was awarded a $318,000 grant for the expansion of water and sewer facilities. Samson Manufacturing Corporation of Waynesboro, was awarded a $250,000 loan from the Economic Development Act ministration, in 1970 for expansion of its Waynesboro plant. This expansion will result in the local firm hiring approximately 150 personnel through 1973. A speculative building is now under construction within the Burke Industrial Park upon recommendation by the area Commission staff. Industrial solicitation for Waynesboro and Midville have been accomplished by staff through a contract with Georgia Tech. Engineering design control assistance has also been provided to a Midville industry.

3. Manpower Training—As a part of its regional manpower training program, the C.S.R.A. Planning & Development Commission has instituted a supervisory development training program for local industries wishing to participate. The first such training program was for Perfections Products Co., of Waynesboro, in 1970. Fourteen supervisors and potential supervisors took advantage of this program. Additional such programs under the Manpower Training group are anticipated during 1971.

4. Tourism Development—The C.S.R.A. Commission sponsored the development of the report, *Tourism Development in the C.S.R.A.*, including a proposed tourism development program for Burke County, in 1964. Waynesboro and Mid-

ville plus Burke County were added to the "C.S.R.A. Trail" development program in 1965, and nine C.S.R.A. Trail signs were constructed in Burke County in 1968. The *C.S.R.A. Trail* brochure, published in 1965, emphasized the tourism potential of Burke County. Such C.S.R.A. Commission reports as: *Directory of Traveling Service in the C.S.R.A.*, and *C.S.R.A. Historic Markers Guide*, 1966 plus the Georgia tourist brochure *See the C.S.R.A. for a Total Vacation*, 1966, all emphasized the tourism potential of Burke County.

CIVIC IMPROVEMENT

1. An environmental health survey of Waynesboro, Midville, and Sardis was prepared in 1967 with the joint cooperation of the State Health Department and the C.S.R.A. Planning & Development Commission. This survey led to a limited clean-up program in 1967. A further, more detailed clean-up campaign was completed in Waynesboro during the early part of 1970. Over 100 Waynesboro residents were involved in the Waynesboro clean-up program which collected 60 cubic yards of compacted wastes, 25 dump truckloads of loose refuse, 80,000 bottles and cans, and 20 abandoned automobiles.

2. The C.S.R.A. Planning & Development Commission, in a joint effort with the Waynesboro Municipal Planning Commission and the Waynesboro Merchants Association prepared a Downtown Redevelopment plan for Waynesboro. This plan included an off-street parking plan, facade renderings for three blocks in Waynesboro, an over-all site development plan as well as procedural analysis for business practices in the Central Business District. This project is presently being implemented and a half dozen stores have already been remodeled or refurbished in accordance with the plan.

REGIONAL REVIEW

The C.S.R.A. Commission has accepted the regional review requirements of the Federal government under Section A-95. If the C.S.R.A. Commission had not accepted such review responsibility, the Federal government probably would have appointed a Federally-sponsored type commission with its extensive rules and regulations which could have created adverse reactions and problems and conflict in local plans. It was felt by the Commission that such review should be responsible to the local governing bodies of the region, rather than to the Federal government.

Statement of Richard M. Kinne, Chief, Industrial Development, Slash Pine Area Planning and Development Commission, Waycross, Ga., in Behalf of Max W. Harral, Executive Director

The problems of rural development are not really rural, but they rather are regional, resulting from physical and economic conditions in a given area. Solutions to rural problems, then, involve regional solutions, and in many cases, multi-state or national solutions.

Georgia addresses the problems of environment and economy through a system of area planning and development commissions (APDC's) covering the entire state. Each APDC is locally governed and partially funded from local sources, and it is oriented twoard problems which affect its member localities in either a composite or individual way. In the course of development plans for its own membership area, a Georgia APDC sometimes finds it necessary and expedient to cooperate with neighboring APCD's on specific projects.

Georgia, outside of a few metropolitan areas, is predominantly rural, and the Slash Pine Area is rural. Some 58 percent of our population resides either on farms or in communities smaller than 2,500, and many times economic and environmental enhancement involves the provision of public facilities or services. If federal or state programs offer grant assistance in financing these public needs, we coordinate efforts to secure the financing, whether it be from the Economic Development Administration, the Farmer's Home Administration, the Department of Housing and Urban Development, the Bureau of Outdoor Recreation, or other agencies.

A major problem facing any organization involved with regional development is the multiplicity of programs dealing with the same problem. Perhaps reorganization and consolidation of efforts might be a help. As an example, a number of Federal agencies, including the Departments of Agriculture and Commerce, *offer program and funding* aid in industrial development and have their own specialists. State governments, universities, and regional groups also have their own programs, which APCD's attempt to coordinate with the federal effort. This can be a difficult task, probably more formidable in other states than in Georgia, since Georgia's agencies are cognizant of the activities and role of APCD's.

The Department of Agriculture recently employed Fantus Company to determine if its program can aid rural development, specifically in the field of industrial development. We will not attempt to discuss the Fantus report, except to refer to two specific points made. USDA was told that research is needed on location opportunities specific to community size and geography and documented with specific industrial cost data. This is an expensive task requiring trained researches or money to pay for consulting services. In many cases local committees of manufacturers might become involved, but it also takes guidance for these committees. Not every Economic Development District or APCD has staff qualified to handle this activity; and if it does, funds are not sufficient to undertake new programs nor to disseminate results of this research once it is completed.

It should be pointed out that the Economic Development Administration (EDA), through the encouragement of the Economic Development Districts, also is involved in "rural" development. EDA on a national level, however, now seems to be leaning toward an urban concept—concentrating its efforts to promote larger growth centers such as communities having 50,000 population or more.

In a recent speech, Mr. Arnold H. Leibowitz, Director of the Office of Technical Assistance in the Economic Development Administration, said there was little effort being made to transfer technologies resutling from technical assistance research projects. Reports go unimplemented in many cases because there is no one interested. He says there is a need to build capabilities to produce what he terms "follow-on efforts". In fact, there has been little attempt to transmit these reports to the Economic Development Districts with staffs capable of transferring technologies. Since the so-called "cost reduction" policy of the Economic Development Administration has dealt a sharp blow to the service potential of Slash Pine and a number of other districts throughout the country, it would be necessary for the districts to be provided additional funding in order to successfully deal with substantial new responsibilities.

Let us cite another case where lack of funds has hindered implementation of research findings. A consultant to our Slash Pine APDC recently prepared a study which suggested, by SIC numbers, specific industries which might be good prospects for our area. We do not have funds to document for industry the reasons why *they* should consider our area. The report cited, only documents why we should *want* these specific industries.

On the other hand, we have projects in mind which could furnish some of the specific data USDA says is needed in order to encourage industrial development in our rural area. One of these involves the potential uses of our major resource, timber, a site on a good-sized river, and our unemployed or underemployed people. Another involves consideration of a new limited access highway from Kansas City, Mo., to the vicinity of Brunswick, Georgia, and the economic linkages it might offer to prospective industries. A third project, already underway, is the diversification of agricultural products, including the Bacon County Blueberry Project. Since cotton and tobacco are declining crops in Slash Pine Country, we need to research additional diversification possibilities; and therefore, we are proposing that USDA place a specialist on our staff as a pilot project to investigate ways of diversifying our agriculture, perhaps by horticulture, oil seed crops, etc.

One branch of USDA, the U.S. Forest Service, has already cooperated by placing a trained forester with us through the cooperation of the Georgia Forestry Commission. His purpose is to relate his training to problems of regional planning and development and to determine ways in which the forestry agencies can better serve regional and state development groups. He has been with us for about a year and a half; and we were recently disappointed to learn formally that the U.S. Forest Service, due to budget limitations, does not plan to continue funding this vital, and successful, project.

We would like to present a specific program for your consideration. Alma-Bacon County's Model Cities Program has been given national attention because of the broad scope of its activities and due to community involvement in the planning and implementation aspects of community development. Many of Alma-Bacon County's problems are, however, regional in scope. For example, the state of its economic development is due in large part to its geography. Southeast Georgia was one of the State's last areas to be settled; and economic development in Georgia has been concentrated in the northern and central parts of the state, due to the impact of the Atlanta area. Our rural areas have suffered greatly from the continued migration from the rural areas to the large urban areas. In an effort to build the economy, the Model Cities program in Alma aims at coordinating many programs. The Concerted Services in Training and Education Program, jointly funded by several federal agencies, is working in four of our counties. This program needs to be expanded to serve all nine member counties. This would accord with the second aspect of the Fantus Report, which discusses the lack of adequate labor availability data based on a rural situation. Currently, labor data is oriented toward standard SMSA regions or larger urban areas. A program is urgently needed to improve the capabilities of agencies such as Slash Pine in gathering adequate labor data and transmitting this to industrial prospects.

A problem that is becoming even more critical insofar as federal aid applications are concerned is the never-ending and seemingly accelerating "red tape" requirements of the federal agencies. One of the federal agencies with which we frequently deal requires a staggering amount of paper work for each project, with application and supporting documentation for either a public works project or a business loan running two to three inches in thickness. We know that this agency is working toward improvement of this situation, but we also know that every application takes more paper work. One recent business loan application cost over $400 for duplication of the paper work. Another problem with this agency is the long delay before action on a project, from two to twelve months.

How does this relate to rural or regional development? What businessman can afford to wait a year for an answer to his financing or to wait that long for a public works project approval before he can plan an expansion? Perhaps the Rural Development Credit Authority suggested by Senator Talmadge might be an alternative which can be used by local governments to finance public works by simply selling bank revenue certificates.

We would like to propose that the Slash Pine APDC be used as a pilot (or model) to explore and develop data and programs for rural or regional development.

Fantus suggests that rural areas need more research in industrial potentials. USDA funds could be used to make possible research and to establish criteria and guidelines for such research by Georgia's APDC's and other similar organizations as to such elements as justification of research, cost, and proper utilization.

Fantus suggests that more labor data is needed which is tailored to fit rural, rather than urban, situations. Department of Labor could provide trained staff to the APDC to experiment in means of acquiring useful and useable data.

Programs for regional development many times have impact on more than one APDC. Each of the projects mentioned previously has regional significance. Six APDC's are already working together on the South Georgia Limited Access Highway. Two APDC's are cooperating in tourism promotion. A new paper mill could use timber resources drawn from a 100-mile radius. Three South Georgia APDC's need to cooperate in plans to capture some of the trade of the several million tourists which will pass through this area enroute to Florida and Disney World.

Rather than "rural development," we use the term "regional development," encompassing environmental and physical planning, economic development and governmnetal services planning and affecting the very rural areas and the small cities which we serve. Rural people are no longer isolated but are a part of the region.

Regional development programs will cross many disciplines and governmental units and involve approval of several U.S. agencies. We suggest, then, efforts to focus attention through an area development commission, using the Slash Pine APDC as an experimental area.

Senator Gambrell has proposed a Rural Development Institute to train workers in this field. We suggest a program which might involve academicians and practioners from the University of Georgia system and from a variety of professions. This might also include participation of such professional organizations as the American Institute of Planners, Association of State Planning Officials, Southern Regional Education Board, the American and the Southern Industrial Development Councils, and the National Recreation and Park Association as well as others. Specialists from state and federal agencies having an interest in this field

could also be involved. Such a program could involve classroom and/or seminar discussions along with practical experience in the field as interns in a variety of work experiences. During the internship period, the interns would experiment with new approaches to regional development. The Slash Pine APDC would welcome the opportunity to play an experimental role in the internship phase of the program. Our staff includes specialists in several fields related to regional development, and their experience includes participation in training other professionals.

It has been a privilege for me to have the opportunity to present this testimony in behalf of the Slash Pine APDC. The interest of the sub-committee in new approaches to rural, and regional, development is indeed encouraging. If Slash Pine can assist you in any way as you formulate your programs, please let us know.

Senator ALLEN. The record will be kept open and if any person desires to submit a statement giving appropriate testimony, the committee will be glad to include that also in the record. The record will be held open for a week as to this hearing.

If there is no further business——

Senator TALMADGE. Only one further thing, Mr. Chairman. Our bus is available and ready to depart to take our plane back to Washington, so please get aboard as early as you can.

Senator ALLEN. We appreciate the testimony of all of the witnesses, the attendance of all interested citizens. We feel that we have developed a very strong case for identifying many of the problems of rural America as well as receiving suggestions, many of them very constructive, for solving these problems.

There will be other hearings held by the subcommittee in other sections of the country. We believe this hearing in the State of Georgia has been most productive.

Thank you very much.

The committee stands adjourned.

(Whereupon, at 4:35 o'clock the hearing was adjourned.)

(NOTE.—The following statements were made to the Subcommittee during the tour of Alma, Georgia, July 9:)

STATEMENT OF HENRY S. BISHOP, MAYOR, ALMA, GA.

Mr. BISHOP. It is a distinctive honor and great pleasure for me, along with Mr. Wesley Johnson, on behalf of all of the citizens of Alma and Bacon County, Georgia, to warmly welcome you distinguished guests, to our community. I extend our best wishes that you have an enjoyable and informative visit with us. We sincerely hope that you will gain something of value as you hear our story and observe our accomplishments. We know that we must provide you some fine experiences to compensate for this bus ride.

We in Alma-Bacon County share with you leaders the increasing national concerns regarding declining and stagnant rural communities, our increasingly overcrowded and congested major cities, the inter-connections between our rural and urban conditions, and the complexity of problems associated with each. We believe that the newly established national policy relative to the revitalization of distressed rural areas is a sound beginning toward solving these complex problems.

We know the problems of stagnation, decline, and poverty first-hand in Bacon County. We are part of the major poverty area defined by the President's Commission on Rural Poverty in its publication *The People Left Behind*. We are one of the 189 counties in the Coastal

Region Commission designated by you to receive special development assistance.

Through the forced migration of friends and relatives to gain employment opportunities, visits and the news media, we have become well acquainted with the acute problems of our major cities. These complex and interrelated rural-urban problems challenged us to mount a major and comprehensive development program that would attack these problems and their causes on all fronts at their very roots, and gain a new and improved destiny for the people of our community.

The people of Bacon County, through local initiative, are pooling local, state, and federal resources in a common and united effort to create, as part of the new "Urban South," a human environment, with the services, opportunities, and quality of life befitting citizens of this nation. We are attempting in our development efforts to be a "Model for Rural America."

We believe that this most welcome site visit to our community is mainly concerned with our success in attempting to be a "Model for Rural America." In terms of successfully implementing our national goals, policies and priorities relative to the rural-urban situation, it is of utmost importance that not only adequate assistance is available from the federal government; the local communities must have the will and the political and technical capability required to successfully implement major improvement programs.

We have found that there are specific requirements and steps involved in a small rural community organizing and marshalling its own human and financial resources, acquiring the necessary outside assistance to supplement the local capability, successfully forging these into the development program that is in progress in our community, and setting the course of overall economic development on a controlled upward spiral.

We want to share with you on this occasion some of the things we have learned from experience in our development program. I will direct my few remarks to the basic requirements for a local community to successfully institute and maintain a development program. Mr. L. W. Taylor, Jr. will describe our development efforts over the last few years. Then, on your tour, Mr. Ed Stelle will point out our improvements, and briefly explain them and the changes they have brought about. Representative Bobby Wheeler will discuss the tools required by local leaders and the assistance that will be needed by them from the Federal Government if major rural development is to be achieved.

We believe that there has been a major mistake in not accepting the complexity and restrictions involved in successful community improvement programs of major proportion. Initiating and implementing a major development program such as ours is no less complicated, and requires no less knowledgeable and informed effort than a successful space flight. There are as many complex systems in Alma-Bacon County that are integral parts of our development program as there are in a space ship.

A second aspect of this challenge is that gaining an organized, cooperative, and coordinated effort involving the citizenry, their elected leaders, and their appointed officials requires the art and practice of developmental politics. Infighting by vested interests, power plays by major factions, the rhetoric of confrontation and conflict, the devisiveness of conflicting ideologies, the spoils system of "dividing up the take," or the politics of despair will cut the very ground out from under any development effort, and demoralize a community in the process. The politics of development requires a knowledgeable and informed public, common goals, united purpose, an informed approach, the coordination of governmental bodies, and collective action. Gaining the understanding and practice of developmental politics by local citizens, leaders, and officials probably is one of the biggest obstacles to be overcome in achieving a successful rural development program.

Briefly, the following factors and steps appear to us to be the major requirements that underly our successes to this date.

1. There was a firm will among the citizens and their leaders to improve our local conditions.
2. There was strong citizen and leader support to attack our problems on a comprehensive and coordinated basis.
3. We gained outside assistance to help us increase our understanding of our problems and their causes and the programs and projects, steps, and strategies, to alleviate or greatly diminish the problems and their causes.
4. Informed citizens, public leaders, and appointed officials were mobilized and involved in a united improvement effort.
5. We developed a comprehensive and complimentary plan through joint effort by citizens, elected leaders, and appointed officials toward making our dreams come true.
6. We determined common goals that would benefit all of the people of Alma-Bacon County.
7. We pursued a common course of action to make improvements on a priority and systematic basis.
8. We gained the cooperation and coordination of citizens, public leaders, appointed officials and the public and private bodies and agencies of this community in our effort.
9. We carefully allocated and used our own scarce human and financial resources to greatest advantage.
10. We have gained and carefully directed the technical assistance that was required to do the job.
11. Our improvement effort began as a peoples effort and remains to this day, of the people, by the people, and for the people.
12. The people of Alma-Bacon County have been kept informed about thir affairs, their development efforts, by those having the immediate responsibilities.
13. W have worked smoothly with state and national leaders and federal officials.
14. We have used constructively and to greatest advantage the assistance and guidance that has been provided to us by you national leaders through the Model Cities Program and the many other assistance programs that we have had the advantage of.

A major question faced by this Senate Subcommittee on Rural Development is whether other rural communities can mount and successfully complete development programs on the scale of ours. We are fully persuaded that the answer is an unqualified yes. However, they must have the will and the resolve to face the challenges of preparing themselves for their tasks, practicing the politics of development, organizing themselves into an effective force, doing *their own* comprehensive planning toward creating *their* new realities from *their* own dreams and visions, and successfully and carefully marshalling and integrating their resources with the assistance provided by you state and national leaders into a sound action effort. They will have made a start when they come and reason together around the table and bring their collective knowledge and wisdom to bear on their affairs.

STATEMENT OF L. W. TAYLOR, JR., ALMA, GA.

Mr. TAYLOR. We have the pleasure and honor of presenting to you today the Alma-Bacon County Story.

It pleases us indeed that we have a story to tell, and, in particular, to have you distinguished national leaders come here to hear our story and view some of our achievements.

There are many chapters in the Alma-Bacon County Story, and there are many people who deserve credit and the praise for our achievements, and the writing of this story.

It is not a story that started just last year or the year before, but instead many years ago. We are indebted to numbers and numbers of people and organizations, both inside and outside the community, for helping to lay a foundation upon which others could build. *People, then, are the authors of the Alma-Bacon County Story—lots of people.*

The greatest asset that Alma-Bacon County possesses is the minds of its people, and the direction these minds give for knowledgeable and responsible community action.

One of the keys to the success of our development effort has been that our citizenry has consciously and deliberately, and I might add, rather successfully, worked at overcoming our differences, achieving a common cause, gaining cooperation, coordinating our efforts, and striving for our goal to benefit all of the people. We are substituting the politics of development for the devisive and destructive politics of power. We are becoming a united group of people, a true community, and that is one of our major strengths.

For as long as I can remember, the people of this community have desired to become informed, to stay abreast of things; to update themselves. They have taken good advantage of the services of the University of Georgia, Georgia Tech, the Area Planning Commission, the Agricultural Experiment Station in Tifton, Georgia, and now, the new Rural Development Center. Short courses of all descriptions have traditionally gained high levels of interest and participation in our community.

We have been considerably exposed to improved ways of doing things. This exposure has had an immeasurable effect on the personality and progress of our community.

These experiences and associations have made us more alert; have helped us to see things in a broader sense; have prompted us to do things we otherwise would not have done; to make positive and informed decisions rather than ignorant and passive ones. Let me illustrate.

In late 1965 our Grand Jury recommended to the Bacon County School Board that they abide by the laws of our land regarding dual school systems. They did so, and we now have a unitary school system--without federal supervision and court orders.

In 1966 our Grand Jury recognized that the community faced the possibility of a major economic and population decline. They recommended to the County Board of Commissioners that they get help in working toward city and county development. Our public officials began a diligent search for developmental assistance.

We found that developmental assistance was available, but we could not obtain it because of budgetary limitations resulting from our weak tax base and high priority commitments.

We learned that the University of Georgia had a new program supported by Title I of the Higher Education Act that would provide assistance to a limited number of communities in their development efforts. We obtained their assistance in early 1967 to help us learn more about how to successfully implement a major development program. Since that time, we have obtained major assistance from them at four critical periods of time in our planning and development. Quite honestly, this assistance, along with Model Cities supplemental funds, has been the two most influential forces from outside the community in the overall success of our development effort.

In 1967 our Grand Jury recommended that the City of Alma and County of Bacon seek economies in government through possible coordinating and functional mergers.

Shortly afterwards the people of Bacon County voted to consolidate the offices of Tax Collector and Tax Receiver into a single office of Tax Commissioner.

In addition, a Citizens Self Study of city-county government was made with assistance from the University of Georgia. We expect this study to become the basis for still other improvements in governmental administration.

Other examples of our efforts include:

1. The creation in the early sixties of a Housing and Urban Renewal Authority.
2. The creation of a joint City-County Planning Commission.
3. The adoption of the city management form of government.
4. Maximum use of governmental assistance to bring about:
    (*a*) An aggressive housing and urban renewal program.
    (*b*) A water and sewer improvement program.
    (*c*) An airport improvement program.
    (*d*) A large open space acquisition and development program.
    (*e*) A retirement home for our elderly.
    (*f*) A fifty-two bed nursing home.
    (*g*) A Hill-Burton Hospital and Health Clinic.
    (*h*) A Model Cities Program and others.

Each of these are achievements of which we are very proud. The most current of these and one which we expect to have major impact on the community is the Model Cities program.

I will not attempt here to explain the comprehensive nature of the Model City Program. This will be done later today as you view our achievements.

I would, however, like to explain to you how we became involved in this very fine program.

For several years now the citizens of our community have been fascinated by the possibilities of solving problems through a program of Comprehensive Community Development. We simply have not had the financial resources needed to launch such a program.

In 1966, the Model Cities program was created. This urban program was perfectly suited for what we wanted to do. Not only did it encourage Comprehensive Community Development, but in addition, it helped to meet the cost of doing so. We determined that we would make whatever effort necessary to qualify for assistance under this program.

The citizens effort which followed would have been truly an inspiration to men like yourselves. Our Federal Government would be most fortunate if in its honest effort to help local communities it could always match its aid with this kind of competent, zealous, and concerned people—people who are motivated by a cause and who have a passion for achievement as has been so vividly demonstrated in our effort.

This was truly a peoples effort. We had no money with which to obtain assistance. The assistance we received came from the University of Georgia and our Area Planning Commission. We produced a Model City proposal at no cost to our city and county.

Some 800 citizens spent approximately 14,000 man hours over a two-year period gathering information and preparing these documents. We had an out-of-pocket expense connected with these proposals of approximately $2,000. This cost was met privately by citizens of the community.

This concentrated effort on the part of our citizenry led to our being designated one of 147 Model Cities Programs in the nation.

Although we were the smallest Model City in the nation, with the smallest planning budget, the smallest staff (two planners and one secretary), we produced a plan which is reputed to be one of the better plans in the Model Cities Program.

This is not a professional planner's plan even though we had some very fine professional help. It is our plan. It represents our viewpoints, ambitions, and aspirations.

This plan was developed using only two-thirds of the money allocated to Alma-Bacon County, whereas many other cities expressed a need for more than was allocated to them.

We are now implementing the plan and our effectiveness in doing so has been highly recognized in important places. These things are being done by the people left behind—Rural Americans.

Gentlemen, we have confidence in the capacity of the Rural American. He is capable of miraculous achievement. He has a record of such, and Alma simply illustrates his capacity in a new field, that of community development. We have seen him with calloused hands walk into corporate board rooms across America and perform a feat in Rural Electrification that was considered impossible by the shrewdest management minds in our most sophisticated American industries.

His accomplishments in the production of food and fiber are unparalleled by any industry in America or any other country in the world.

He is responsive and adaptable to change. When research produces a better way, he adopts it. When technology discovers a better tool, he uses it.

He is a rugged determined man. Because of economic stresses historically imposed upon him, he has developed the capacity to accept and endure hardship and misfortune.

More importantly, *he is a builder, a good teammate.* Why isthis so? Although underemployed, for the most part, he is self employed and must face up to management, finance, and planning responsibilities daily. These are wholesome, developmental experiences, and from these circumstances come a very special type of person—a person very much akin to the early pioneers of our country and likewise able to join with others in very challenging and demanding roles. This latent capability can be used to great advantage today.

We no longer need to depopulate the rural landscape and further crowd and congest our bulging urban areas. The forces that have historically dictated the placement of people and industry are no longer the same. Highspeed transportation and communications have erased our previous isolation. Rail and interstate highways criss-cross our nation in a web-like fashion and airports exist in most every small city.

Electric power generators dot the countryside and a new world in synthetics has lessoned our dependence on traditional raw materials and the need for hovering around their locations.

The diseconomies of congestion have become so critical as to prompt American industry to consider the question of which imposes the greater burden on the American consumer, freight costs in rural manufacturing or congestion costs in urban.

Because of these things, and those things which we have seen and learned first hand in our own development effort, we are convinced that rural America, with the Rural American in partnership with our Federal Government, possesses the capacity and capability needed for striking at the very heart of our most serious domestic problems. We can achieve a new rural-urban balance with a healthier distribution of people in rural and urban America. By revitalizing rural America, we can relieve the pressures on our cities which in turn will permit their redevelopment.

We are deeply concerned that so many of our national planners seem to adovate a write-off policy for rural and small town America.

This is done in spite of the fact that reliable polls indicate that over 80 percent of our population would prefer to live in rural and small town America, given economic opportunity.

Why, then, should our people, the American people, be forced to abandon or be denied the happiness of the rural habitat from which they have actually evolved?

The increasing search for community in this nation reflects a human need that is as much a part of our nature as love and fear. Yet, so many of our American people are being denied fulfillment of this need to belong, and have the security and warmth of community, the very cradle of civilization and civilized man.

The soil, the open spaces, are a part of our being—we seek and crave them without even knowing it. Man and nature are one. Harsh lights, shrieking noises, speeding objects, honeycombs and ribbons of concrete and steel; what is this shoulder to shoulder, bumper to bumper, wall to wall existence doing to the minds, emotions, and morals of this nation?

We believe, gentlemen, that we are building an environment for man. We believe that rural communities such as ours still have the flexibility and the ability to create the real "New Cities," cities built for people. We wish to prove that the Alma-Bacon Counties in America can make a contribution to this society of ours.

With the continued help of men like yourselves, we are absolutely certain that we can do it.

STATEMENT OF BOBBY A. WHEELER, REPRESENTATIVE FROM HOUSE DISTRICT 57, GEORGIA HOUSE OF REPRESENTATIVES, ALMA, GA.

It is a distinct honor and a great pleasure for me to have this privilege of associating with you outstanding leaders, and other dignitaries, and discussing with you the challenge of rural development.

I believe that my experiences as a farmer, a member of the Bacon County Board of Education, a former chairman of the Bacon County Planning Commission, a Representative in the Georgia Legislature whose constituency includes two rural counties, a citizen of Bacon County who has been deeply involved in local public affairs, including our development effort, and my many conversations with people about development have provided me with some insights into rural development. I believe that they provide me some advantage in reflecting rather accurately on the leadership, financial and programming requirements conducive to achieving a successful rural development program. Additionally, I would like to share my views on the relationship between area development and community development.

First of all, gentlemen, I want to express my appreciation for the assistance that I and other farmers have received from the Department of Agriculture throughout the years. However, I am in full agreement and strongly support this new thrust into rural development symbolized by these hearings. I am convinced that the kind of development that you have seen today, on a much broader scale, is one of the keys to resolving our serious rural and urban problems.

The success of a major rural development program ultimately will depend on the ability of local leaders and concerned citizens in carrying out the program in their own communities. You will not find such a qualified leadership waiting for your program. While the potential existed here, we had to find the assistance to build a leadership capability equal to the challenge and the requirements of comprehensive planning and development. And, we can tell you that we were able to acquire and use in our efforts the very limited amount of qualified assistance that exists in Georgia.

In light of these considerations, I recommend that, as part of the rural development program, you include a statewide capability in each state to assist local leaders in preparing to begin a major development program and to assist them through the initial stages of their planning. This capability needs to have the strength and the flexibility required to react to requests from rural communities on demand. Timing is an important factor. Also, this assistance must be provided to local communities at little or no cost, if it is to be accessible to them.

A second major consideration in building a successful rural development program is that rural communities are financially worse off than the large cities. We could not have taken advantages of but very few of the Federal assistance programs had it not been for the differential provided by the Model Cities Program. You will find that this same level of assistance will be required by other rural communities throughout this nation if you hope to gain significant results, and success in your rural development program.

I would recommend to this Subcommittee that the rural development program adopt the Model Cities Program level of assistance and funding arrangements. Otherwise, just one or two major programs on a normal matching basis will exhaust the local financial capabilities of rural communities.

A third consideration is the kind of program that will gain the desired results in Rural America. We are aware that the Model Cities Program was developed for our larger cities. However, it has been more successful in the smaller towns and cities. It has been a wonderful tool for us to work with in Alma and Bacon County.

On the basis of our experiences, we would recommend to you that you carefully consider using the Model Cities Program or that you build a very similar program for Rural America. However, we would recommend some specific improvements in that program. First, less time should transpire between submission of proposals and designation. Each proposal should be evaluated according to set standards—rather than on a competitive basis. Designation should be based on the quality of the proposal and how the local people developed it. Communities must earn the right to use the assistance that you provide and also evidence that they have the capacity to fulfill the requirements involved in major local development. The simplification of the bureaucratic processes involved would be a major improvement. Also, there should be flexibility allowing the withdrawal of a project and the submission of another whenever a community finds that through some change that it is unable to move with the original project. This flexibility should only be within the overall plan. Changes should not be allowed that would destroy the integrity of the total program or do violence to its overall integration.

Finally, gentlemen, we believe that too much emphasis generally has been placed upon area development and growth centers, and not enough emphasis has been placed on local development. We have a very fine area planning commission, the Slash Pine Planning and Development Commission, which serves us well, so this is no criticism of them. The point is that with regional markets, existing transportation and communications, and the other immediate considerations of industry regarding production and marketing make up one set of determinants in industrial locations.

The second major determinant is the local community itself. If it has the services, opportunities, housing, streets, etc. which meet acceptable standards, then industry will give serious consideration to locating there. Area recreation, health services, and educational opportunities are important but area development to a great extent will come about as the local communities themselves are able to develop. And, gentlemen, I can tell you for sure that the crucial decisional and action levels for development purposes remain at the city and county level, and it is these that you will have to depend on to carry out your rural development program. I am afraid that you will be sadly disappointed in the success of your program if major emphasis is placed on area development and growth centers rather than on the Almas and Bacon Counties.

In closing, gentlemen, I want you to know that we see rural development as one of the top domestic priorities, if not the top domestic priority today. Atlanta cannot solve its problems until we solve our rural problems. Regaining a second rural-urban balance is critical for not only the present but the future of this nation.

We appreciate this honor that you have bestowed upon us of coming and seeing our improvements, hearing our story, and providing us the opportunity to make these recommendations to you. We hope that you will share with other national leaders our great appreciation for the fine assistance that you have provided in our development efforts.

We strongly support what this Subcommittee is doing and offer you any further assistance that we can provide in establishing a sound and successful rural development program. We extend an invitation to all of you to again come and visit with us whenever the opportunity presents itself.

(NOTE.—The following background information on community development in Alma-Bacon County, Georgia was presented to the Subcommittee during its tour of Alma, Georgia July 9 by Henry S. Bishop , Mayor, Alma, Ga., and Wesley Johnson, Chairman, Bacon County Board of Commissioners, Alma, Ga.)

BUILDING RURAL AMERICA: AN INTRODUCTION TO COMMUNITY DEVELOPMENT IN ALMA-BACON COUNTY, GA.

(Prepared by the Alma-Bacon County Model Cities Commission, July 1971)

ABSTRACT

This paper provides an introduction to the comperhensive community development program underway in Alma-Bacon County. The background of the current Model Cities program is presented, followed by a brief summary of the overall development strategy. Next, several major projects and activities are described. The final section points to the significance of the Alma-Bacon County program as a potential model for cummunity development across the nation.

I. BACKGROUND

Alma-Bacon County is a small, rural community located in the Coastal Plains Region of southeast Georgia. It is typical of many rural areas in the Southeast, both in size and in economic base. Agriculture and small industry are the predominant means of livelihood for Bacon Country's residents. Like many other rural communities in the United States, Bacon County has had a long history of declining agricultural activity, economic stagnation, lack of job opportunities and outmigration—particularly of its youngest and most promising residents. This economic instability has in turn affected every aspect of life for Bacon County's residents—including education, health care, community services, housing, and recreation. These services and amenities have failed to keep pace with those in larger urban areas in terms of both quality and coverage. Throughout the 1950's and 1960's the lack of urban amenities and services, coupled with a shortage of job opportunities locally, resulted in the outmigration of many residents. This outmigration, however, has been far from voluntary. A recent survey of former Bacon County residents revealed close ties to family members who remained behind, and a widespread desire to return to Alma-Bacon County—if opportunities are made available for a rewarding career and an attractive life style. In human terms, then, the challenge of community development in Alma-Bacon County is to create new opportunities for working and living that will encourage former residents to return and today's young people to stay in the community and help build its future.

To meet this challenge, concerned Alma-Bacon County residents have spearheaded and successfully completed a long series of community improvement programs over the past several years. These include a major Urban Renewal project; the construction of Sun City Courts, a unique congregate housing complex for the elderly; a series of public housing projects; and several street improvement programs. Major contributions to these and other efforts have come from the Slash Pine Community Action Agency, the Area Planning and Development Commission, the University of Georgia, and the Rural Development Center in Tifton.

In 1968, after two years of concentrated effort to be included in the nationwide Model Cities Program, Alma-Bacon County was awarded a Planning Grant of $72,000 by the Department of Housing and Urban Development. For an entire year, Bacon County residents studied and discussed community problems and planned their comprehensive development strategy. They were then awarded a grant of $1.2 million in August of 1970 to implement the first phase of their five-year plan. After one highly successful year of implementation, Alma-Bacon County was awarded a second year grant in June 1971.

Alma-Bacon County has the smallest Model Cities program of 147 in the nation. It encompasses the entire city-county area rather than just an isolated segment of the community. The program is unique in that the city and county share full and equal responsibility for implementing the Model Cities program.

The planned strategy for community development in Alma-Bacon County and several of the key projects and activities are described in the following pages.

II. COMMUNITY DEVELOPMENT STRATEGY

While many rural communities throughout the United States are engaged in efforts to improve the lives of their residents, Alma-Bacon County's development program is unique in that it is comprehensive in nature rather than a collection of unrelated projects. The strategy mapped out by local residents aims at developing the community through (1) the coordination and strengthening of *existing* local agencies and other resources, and (2) the creation of *new* local resources and institutions and the development of human capabilities. Every component of the program is designed to tie in with and reinforce all the others.

A single example will illustrate the value of carefully-planned coordination within the program. A vocational education program, now being implemented by the Bacon County Board of Education, will help teach local residents specific skills for jobs that are currently available in the community. When linked with job development and placement efforts, this program provides immediate benefits in the form of local employment. In addition, the vocational education program will prepare residents for future jobs which will be created in the community as a result of planned economic growth. At the same time, a well-trained labor force—and the flexibility to adapt training programs as specific needs arise—will encourage new industries to locate here. This will contribute in turn to employment opportunities and economic growth.

Alma-Bacon County's comprehensive development plan focuses on three broad areas:

Community economic development;
Improving community services and amenities; and
Strengthening local planning and management capabilities.

Taken together, these three areas are not only comprehensive in scope but are mutually reinforcing.

Economic Development, which is the focus of the entire community development effort, is aimed at transforming and strengthening a traditional rural economy by creating new jobs and career advancement opportunities, developing potential manpower resources, and revitalizing agriculture.

The strategy behind economic development is to create a balance between a modernized agricultural sector and new high-quality industry. Economic growth requires not only the development and better utilization of manpower and management resources, but an increase in the capital base and improved capital allocation processes as well. The development strategy also aims at a balance between public and private capital. To date, Alma-Bacon County has seen evidence of an expansion in private capital in the form of new homes, retail businesses, and industries—a rare sight in many rural towns. The community has also been successful in attracting public capital in the form of grants and loans. During the past year alone, $5,864,000 in Federal and State funds have been brought into Alma-Bacon County. An additional $920,000 has been applied for and is presently awaiting approval.

The second major area of emphasis in Bacon County's overall development plan is the provision of improved *services and physical amenities* to its residents. Efforts in the area of community services are geared towards improving health service delivery, strengthening and coordinating the delivery of social services, and expanding the quality and scope of educational opportunities. Physical amenities include better housing, facilities for recreation and leisure activities, improvements in the water and sewer system, physical beautification of residential and business districts, street improvements, and construction of other public facilities.

The third area emphasized by the comprehensive development strategy is the strengthening of *planning and management capabilities* on the part of local agencies and the citizens themselves, so that each can continue to play a lead role in the community development process. Active citizen participation has always been the driving force behind Alma-Bacon County's community development efforts. To keep up this momentum it is essential that local residents continually improve their skills in identifying local problems and in planning effective programs to solve them.

These areas of emphasis all aim at two broad goals of community development: (1) to make immediate and short-term gains in the quality of life for every Bacon County resident, and (2) to bring about long-term changes in the basic structure and processes of the local economy. Short-term improvements include more and better jobs, improved services, expanded educational programs, and better recreational facilities. Long-term gains are evidenced by a stronger tax base, new industry, higher incomes, and opportunities for career advancement.

Both the short- and long-term goals are designed to be mutually reinforcing. Long-term economic growth must occur in order for short-term gains to be maintained and expanded. On the other hand, short-term improvements in the quality of life will support long-range economic development by helping to attract and retain human and capital resources.

Several of the key activities involved in implementing Alma-Bacon County's community development program are explained in more detail in the following section.

III. PROJECTS AND ACTIVITIES

The projects and activities in Alma-Bacon County's community development program were conceived and planned by local citizens in order to implement the overall strategy. These projects can be broken down into five major areas: (1) manpower and economic development, (2) education, (3) health and social services, (4) housing and physical environment, and (5) recreation and culture. While each one of these components aims at a specific set of needs in the community, they are all closely related and designed to work together.

Manpower and Economic Development

The area of manpower and economic development is central to Alma-Bacon County's development program. Without a strong local economy, improvements in the other program areas will be difficult to sustain in the long run. To administer the various projects in this component, two new county agencies were established. the Division of Manpower Development and the Division of Economic Development. These divisions will continue to expand their resources and staff capabilities and will be responsible for planning and implementing future projects in economic development and manpower.

The projects and activities in Alma-Bacon County's community development has been concentrated in basic research and planning studies. An Investment Fund was established to help create new local industries or expand existing ones. The Investment Fund consists of $100,000 allocated from first year Model Cities funds and an additional $250,000 to be allocated in the second year. Small businesses, local industries, and public agencies in the community are presently receiving technical assistance from the Manpower Division to help them develop internal skills in management and planning. Labor force studies have been conducted, and a series of manpower training courses established as a result. These training programs have already enabled many residents to be placed in local jobs. The County contracted with the State Department of Labor to establish an Employment Service branch office in Alma, providing referral, placement, and support services not previously available in the community. Finally, Bacon County was selected to participate in the "Concerted Services in Training and Education" (CSTE) program, an experimental inter-agency effort in rural manpower development.

Land has been purchased and design studies completed for the Alma-Bacon County Industrial Park, which will be financed by an EDA grant of $343,200 and local matching funds. The Industrial Park will offer basic utilities and improved building sites to attract industries to the area. Industrial Park development is being carefully coordinated with programs to recruit selected industries to Alma-Bacon County and to encourage the growth of locally-based industries. Detailed planning has been completed for the expansion of the Bacon County Airport, located adjacent to the Industrial Park site. Airport improvements will be financed by a Federal Aviation Administration grant of $133,369, matched with local resources.

The Georgia Blueberry Association was organized in 1970 by Bacon County residents as a locally-based growers' co-operative. The Association has a small permanent staff which is assisting members in establishing commercial scale blueberry crops. To date, 140,000 cuttings have been planted in the Association's propagation beds at the Bacon County Airport, and 30,000 more one-year old plants are in nursery rows. The first plants are expected to bear fruit in 1974, with the first commercial production to get underway as early as 1975.

Education

During the next year, innovative plans by the Board of Education call for radical new approaches throughout the entire Bacon County educational system. The projects in this component represent an important step toward a truly comprehensive educational system for Alma-Bacon County—one which promises to serve the current and future needs of residents of all age levels, interests, and abilities. During the past year, a comprehensive study of the educational system was carried out by Board of Education staff members, teachers, parents, and students. Working together, these groups planned a five-year program to strengthen educational processes in every grade level and subject area. Four of the top-priority recommendations of the comprehensive education improvement plan are now being implemented, as described below.

The Early Childhood Development Program is aimed at introducing children aged 3 to 5 years to a stimulating learning environment before they enter the public schools. There are presently 150 Bacon County children enrolled in the child development program, which is supported in part by a Title IV–A grant for $300,000. Eventually this program will be expanded to serve, on a voluntary basis, all pre-school children throughout the city and county. The child development program will provide direct benefits for the children enrolled, and particularly for those from disadvantaged backgrounds. In addition, the parents of many of the children will benefit from the program's all-day schedule, which will free them to accept employment or enroll in training programs.

In grades one through eight a new and highly innovative program will be initiated beginning in the fall of 1971. Project P.L.A.N. (Program for Learning in Accordance with Needs) is a computer-assisted learning system that will help every child to progress according to his own abilities and interests. By relieving the teacher of many clerical duties, it will allow her to focus on teaching responsibilities and meeting the individual needs of each student.

At the senior high level, a "Quarter System" will be installed in the fall of 1971. This system divides the school year into three terms instead of two and enables the school to offer more diversified courses and more laboratory and "field" experiences to supplement regular classroom work. These changes in curriculum and scheduling will also provide an opportunity for increased breadth and flexibility in responding to individual student needs.

Another program emphasis is in vocational education, ranging from a broad orientation to the "World of Work" in the elementary grades to more direct skill training at the junior and senior high school levels. In general, vocational education is seen as an integral part of the total educational experience of all children—not something separate or inferior in some way to an "academic" course of study. Vocational education will be closely tied to other subject areas in the curriculum as well as to employment and further job-oriented training after graduation. In addition, adult training courses will make use of new facilities, equipment, and staff for expanded programs in the evenings and during vacation periods.

In summary, changes in Alma-Bacon County's educational system will include renovation and expansion of present facilities, improvements in the curriculum, and in-service training of teachers and administrative personnel. Staff training is being funded by the Urban/Rural School Development Program, through a recent grant of $750,000. The rest of the education component is supported through a combination of State, Federal, and local resources.

Health and Social Services

To improve the delivery of services to Bacon County residents, a new County Division of Community Services was established in 1970. It will continue to provide coordination and guidance for a comprehensive system of social services, as well as direct delivery of a limited number of services—mostly in emergencies and other special circumstances. The Division will also administer the new Community Development Center, which will begin construction in July of this year. This facility is being funded by a $316,000 HUD Neighborhood Facilities grant, matched with local funds. Some of the special features of the comprehensive service delivery system based in the new building are a central outreach and referral program, an inter-agency data file, central transportation services, emergency assistance, senior citizen activities, and expanded vocational rehabilitation services.

In the area of health, steps have been taken to meet some of the most immediate health care needs in the community. An environmental health program is presently operating through the Bacon County Health Department, and a first-phase mental health program is providing counseling and therapy to a limited number of patients. A health planning team from Georgia State University has just completed a Comprehensive Health Plan for Bacon County. As an integral part of the planning effort, a local resident was recruited and trained to serve in a permanent capacity and continue the functions of coordinated health planning and implementation. The recently-submitted health plan calls for both immediate and long-term changes in the health care system, placing greater emphasis on community health education, preventive screening and treatment, and new methods of organizing and financing comprehensive health care. Other recommendations of the health plan include renovation and expansion of the present hospital, the establishment of a community-oriented mental health program, a training center for the mentally retarded, and the expansion and better allocation of health manpower resources.

Housing and Physical Environment

An Urban Renewal grant of $1,616,000 was recently awarded to Alma-Bacon County for the purpose of clearing 60.2 acres of substandard housing in Alma. The area will be redeveloped with a carefully planned combination of low- and moderate-income housing. Redevelopment activities will be tied in with a proposed Housing Development Corporation, which will also be responsible for financing and building housing in other areas of the community. Linked with both the renewal and housing development programs is the proposed establishment of a local manufactured housing industry. This would not only help fill an immediate need for quality, low-cost housing, but would grow into an export industry, supplying housing units to the surrounding region and providing local jobs and career opportunities in the process.

In the area of physical environment several projects are now underway or in the planning stage. Improvements in the physical environment will not only have short-range benefits for Alma-Bacon County residents but will in turn make the community more attractive—both to its young people and to outsiders who may decide to locate new industries here.

Perhaps the most innovative and far-reaching proposal made by Bacon County residents as part of the community development program is the creation of a 2,000-acre lake on Hurricane Creek, beginning within the city limits and extending approximately six miles upstream. Recently completed engineering studies have verified the feasibility of this project, and further detailed plans are being developed along with a search for funding sources. Lake Alma will provide an outstanding recreation facility to serve both local residents and the surrounding region. Its physical beauty will attract newcomers to Alma-Bacon County and play a significant role in encouraging economic growth.

A neighborhood improvement program will support both long-range growth and more immediate improvements in the quality of life through careful physical planning and the phased construction of street and sidewalk improvements, water and sewer lines, utilities, and street beautification. Plans are also underway for long-range capital improvements in the water and sewer system to provide better service and to support the needs of planned community growth. A program of solid waste management has been initiated in the form of a sanitary landfill project serving both the city and county. Eventually, a county-wide waste collection system will serve residents of the rural areas as well as those living within the City of Alma. Coupled with an intensive effort in environmental health education, this waste management program will help to reduce uncontrolled dumping—an eyesore in the environment as well as a hazard to health and safety.

A grant of $130,000 from the Soil Conservation Service will be used to implement the first phase of a land drainage program in one of the major watersheds of the county. This project will help to increase the agricultural productivity of about 65,000 acres of crop and timber land. It will also alleviate a major environmental health problem by eliminating breeding grounds of mosquitoes and other insects. A HUD 701 Planning Grant of $7,900 will be used along with local resources to update the present Comprehensive Physical Plan elements for the city and county, many of which are obsolete. An up-to-date physical plan, in conjunction with new forms of long-range capital budgeting, will serve as powerful tools to guide local government officials in making decisions related to physical development.

Recreation and Culture

While high-quality recreation facilities are desirable in themselves, Bacon County residents also realize that these amenities can yield even greater, long-term benefits for their community. The availability of a wide variety of recreation and leisure activities will certainly enrich people's lives and influence their decision to live in Bacon County. With this in mind, a greatly-expanded recreation program is being planned to serve community residents of all ages and interests. A new community Recreation Center is now under construction. When completed it will serve as the hub of recreation activities throughout Alma-Bacon County. The new center is located in a 117-acre Open Space Park which will be bounded on three sides by the proposed Lake Alma. Plans for the park include a lighted softball field, a swimming pool, developed beach and dock facilities, hiking and horseback riding trails, and improved picnic and camping areas. In addition to this major community recreation area, a network of smaller "mini-parks" is being developed in residential areas throughout the city and country. These parks will provide playground areas for younger children and a focal point for community interaction and direct citizen participation. A linear park, running from the downtown business district to the shores of Lake Alma, is another recreation project now being planned. This highly innovative project will link low-income, elderly, and disadvantaged minority residents with vital community services, the downtown business district, and the future shoreline development around Lake Alma. The park will thus provide not only direct recreation benefits and physical beautification, but an innovative vehicle for economic and social mobility as well.

IV. CONCLUSION: "A MODEL FOR RURAL AMERICA"

As this report has shown, the community development program in Alma-Bacon County is a comprehensive effort designed to improve the total quality of life for every Bacon County resident. This is being accomplished through a planned community development strategy which is coordinated county-wide. This focus on a comprehensive development strategy, plus a record of steady progress to date, distinguish Alma-Bacon County from similar rural communities which have undertaken programs more limited in scope.

It is the desire of Alma-Bacon County residents to improve their own community and to offer the success of their program—as well as their failures and the lessons learned—as a model for other communities in the nation. Policy makers on the national level are concentrating more and more on a National Growth Policy to guide the redistribution of population and resources between our urban and rural areas. Alma-Bacon County can serve an important function by showing the nation how a comprehensive development program can work in a small community—where human and capital resources may be limited but where enthusiastic and concerned citizens are able to work together towards a common goal. While we can help other communities learn from our experience, the real key to development in *any* community is the active involvement of all of its citizens, from all walks of life. It is this commitment on the part of Bacon County citizens, and their willingness to work together to build a better future, that will continue to make Alma-Bacon County a true "Model for Rural America."

(NOTE.—The following statements were made to the subcommittee during its trip from Alma to Tifton, Ga.)

STATEMENT OF J. W. FANNING, VICE PRESIDENT FOR SERVICES, UNIVERSITY OF GEORGIA, ATHENS, GA.

GEORGIA AGRICULTURE

Mr. FANNING. The agriculture of Georgia is a dynamic enterprise with annual cash sales approximating one and one-quarter billion dollars.

Fundamental changes have been taking place in the agriculture of this State over a period of many years. The trend has been to diversity in sources of farm income, fewer and larger operating units and increased efficiency. Crop sales now average about $425 million annually. Livestock and poultry sales average around $725 million each year. Federal program payments to farmers total about $80 million annually.

Peanuts is the number one income crop in Georgia, with flue-cured tobacco being second. Cotton and soybeans now compete for third position. Corn and truck crops are in the next position as producers of income.

Poultry by far is the largest source of farm income in Georgia. Commercial broiler sales approximate $215 million dollars annually, with egg sales amounting to about $200 million dollars each year. Cattle and calves return about $100 million dollars, with hogs ranking next at around $90 million. Turkey sales total about $7 million dollars each year.

Forestry, occupying more than two-thirds of the 37½ million acres of land area in this State, is a substantial producer of income in Georgia, with sales approximating $150 million dollars annually to producers. The forest products sold are highly diverse. The greater majority of the woodland acreage is held in relatively small ownership holdings.

Agriculture is highly significant in its contributions to the economy of Georgia. Each dollar of income produced by the farmers of this State contributes to the creation of non-farm jobs and investments through processing and distribution. The farmers of Georgia are also substantial buyers of products that go into the production of their products. They purchase over $800 million dollars each year in feeds, fertilizers, petroleum, machinery, and other production items.

Georgia has sustained a steadily declining farm population within the last twenty years. Serious problems have come to the strictly rural counties of Georgia and to the small towns that provided services and goods to a larger farm population. The number of farms has declined from around 200,000 some twenty-odd years ago to approximately 76,000 in 1971. These declines in the number of people in rural areas have come at a time when capital investments of farms have greatly increased. This substitution of capital for labor has brought about a reduction in total labor requirements on the farms of this State.

Farmers have striven to maintain their income from cotton, peanuts, and tobacco, the three crops under acreage and production control, while attempting in every way possible to develop supplementary sources of income that will enlarge the total income base of agriculture. Georgia farmers have embraced technology, and yields per acre of these and other crops have increased significantly.

Georgia remains basically a state of family-type farms averaging in size between 300 and 400 acres. Commercial farms, of course, contribute the greater portion of the products which are marketed from Georgia farms. These farms are becoming more specialized as to product and more vital to the well-being of the total economy of Georgia. They are increasing in size.

Large numbers of Georgia farms are part-time in operations with one or more members of the families earning a large portion of their yearly income from off-farm employment. These farmers are substantial citizens within their communities and this type of agriculture contributes immeasurably to the stability of rural communities within this State. Those with off-farm employment commute daily to jobs in nearby towns and cities.

The changes in farming are associated with many basic changes in rural communities, including the small towns. More than half of Georgia's counties have consistently lost population over a period of 20 years. The need for rural development has become most pressing.

AREA PLANNING AND DEVELOPMENT COMMISSIONS

Georgia has 19 multi-county Area Planning and Development Commissions, fully staffed, supported financially from local, state and federal governmental sources, engaged in planning and administering programs for total development. These Commissions were organized under appropriate legislative acts of the Georgia General Assembly, and thus are legal entities of local government deriving their powers from the governing bodies of counties and municipalities. Representatives appointed by county and municipal governments serve as the governing boards.

Most of the Area Commissions were organized during the 1960's. One was created in 1960, two in 1961, two in 1962, seven in 1963, three in 1964, one in 1966, one in 1969, and one in 1970. The Atlanta Metropolitan Planning Commission created by an act of the General Assembly in 1947 was renamed the Atlanta Area Planning and Development Commission under legislation in 1971 and given broader responsibilities.

Georgia has 159 counties and approximatley 600 municipalities with a total population of 4,500,000. About 2,800,000 of these people live in towns and cities above 2,500 in population. More than half of these people live in six urban areas. The remaining 1,700,000 live outside incorporated towns. Approximately 300,000 of these are farm residents, leaving 1,400,000 living in the open country but not engaged in farming.

Georgia's shifting population of the last twenty years left many counties and small towns in a state of serious decline while causing others to expand very rapidly. The problem of decline in some communities were as serious as the problems of expansion in others.

Both economic and political power were affected by the changes of residence of people. The urban areas gained in economic and political power while the rural areas lost. Thus resources for development increased in the cities and larger towns and decreased in the rural areas. The growth of suburbia caused a need for more metropolitan-type planning for adequate direction and control of growth in the urban areas. The loss of resources for development in rural areas created a need for cooperative planning among rural counties and municipalities for a recouping of economic and political power to stem decline and provide a base for growth. The Area Planning and Development Commissions serve as the mechanism for cooperative planning in both rural and urban development.

Area Planning and Development Commissions provide a wide variety of technical, consultative, planning and informational services to individual counties and municipalities on problems of development. Their staffs devote substantial time and energy to plans and programs for solving regional problems for optimum development at all levels.

The Area Commissions provide a very practical and fundamental approach to rural development through cooperative planning and action by local units of government working with state and federal governments.

STATEMENT OF LT. GEN. LOUIS W. TRUMAN (U.S. ARMY-RETIRED), EXECUTIVE DIRECTOR, GEORGIA DEPARTMENT OF INDUSTRY AND TRADE, ATLANTA, GA.

General TRUMAN. I am Lt. Gen. Louis W. Truman, U.S. Army Retired, and I have been the Executive Director of the Georgia Department of Industry and Trade since September 1967.

While with the Department, I have covered the State, extensively calling on communities to assist them in their industrial development organization and activities.

Because of this extensive overview of the State, I believe I know what is needed and required in both rural, as well as urban areas, as far as industrial development is concerned.

The Georgia Department of Industry and Trade is the State agency responsible for promoting Georgia's many advantages, and influencing new industries to locate plants someplace in Georgia.

Another function is to assist existing Georgia firms in their expansions, thus helping to create more jobs and develop an enlarged tax base for communities and for the State, as a whole.

The Department, also, is responsible for the development of tourism and general aviation, state-wide.

Since the promotion of industry and tourism is our primary concern, the industry and tourist divisions make up the nucleaus of our operations.

The research and administrative divisions, and public relations unit support all activities of the Department.

As far as the rural-urban balance is concerned, the Department has the responsibility of promoting the entire State and not merely the rural areas.

We do attempt to influence industries to locate in rural areas, but many times the requirements of the interested firms are such that metropolitan areas are chosen.

Our overall goal is to assist companies in the selection of the Georgia location that best fits their requirements and at the same time, enables the State to benefit the most.

We would hope, for the overall economic betterment of the State of Georgia, that many would locate in the rural areas.

In the selection of a location for a new facility, many firms have definite ideas as to what they require and what they want in a community.

Some of these requirements include:

1. Dynamic and progressive local leadership and attitudes.
2. Efficient city and county governments.
3. Adequate basic services, especially water, sewerage and power.
4. Good employee management labor relationships.

5. Acceptable wage rates, which will permit reasonable profit.
6. Social and cultural activities in an attractive community.
7. Good local employer business attitude.
8. Adequate labor supply with good productivity and properly educated, or availability of facilities to train the work force.
9. A good local and state tax structure.
10. And, of course, land.

Many Georgia towns have some or most of these qualities. Others have few or none.

The Department, with our limited resources, and in conjunction with other state-wide developers, assist rural communities in organizing for the development of these elements.

Also, the Georgia State Chamber of Commerce has teams that instruct communities that want to upgrade themselves.

The Georgia Industrial Developers Association has 180 members, representing utilities, railroads, certain banks, local and State chambers of commerce port authorities, municipal community development groups, businessmen's associations, governmental agencies, and institutions of higher learning.

This association is interested, actively, in the rural-urban imbalance.

The Department, acting as a coordinating agency, with these industrial development talents has helped to keep Georgia competitive with other southeastern States.

In the past four years, Georgia has steadily increased its capital investment in new and expanded manufacturing industries and jobs created.

(See chart.)

Some of these increases were made in the face of a national recession and they were made without give away programs.

Publisher H. McKinley Conway, in his November-December 1970 issue of Industrial Development Magazine, catalogued the various incentives and assistance programs and included charts comparing the ten southeastern states development programs.

This information covered ten of the most common incentives requested by prospective industries looking over areas in the South.

These incentives are as follows:

1. Tax exemptions or moratoriums on land, and capital investment.
2. Tax exemption on manufacturers inventory.
3. Tax exemption or moratorium on equipment and machinery.
4. Tax exemption on raw materials used in manufacturing.
5. Corporate income tax exemption.
6. Inventory tax exemption on goods in transit. Freeport.
7. Accelerated depreciation on industrial equipment.
8. Sales use tax exemption on new machinery and equipment.
9. State right to work law.
10. Compliance with pollution control laws.

Georgia offers less of these incentives than any of our neighboring states.

Yet, year in and year out, Georgia has outstripped all but Florida in capital investment and we do not know what Florida has done because it does not publish its records.

The areas of a state or an entire state, which is handicapped because of location, lack of resources, capital, or by anything which has kept that area from making economic progress should strongly consider making any or all of these incentives available to new industry. At least, the areas would then have something to offer.

If a state cannot offer incentives for its underdeveloped areas then the nation should.

These incentives should be considered as an investment rather than concessions.

Another factor which helps to promote development is a state's national image.

In the past three years, the State of Georgia has been, and is being, presented as a State of beauty, charm, history, sophistication, industrial potential and adventure.

Also, Georgia, particularly Atlanta, has been, and is being, shown as the center of the southeastern region in transportation, medicine, finance, education, arts, sports, and economic development.

In the near future, we will present Atlanta as a headquarters city and an international city.

From our promotional program our industrial prospects have increased, greatly, as has the capital investment in new and expanded industries.

Also, tourism inquiries have increased tremendously. Tax revenues from tourist industry have increased from $30 million, three years ago, to $53 million last year.

Now, I would like to present a summary of the activities in the Department.

The Industry Division consists of eight professional, industrial representatives. They are skilled in industry requirements, and in seeking industrial prospects. I have divided the State into five areas and assigned certain reps to each area.

The reps keep in contact with their assigned areas, so as to know the city and county officials and leaders, to be completely familiar with available public or private industrial sites and buildings, and to know all about the industrial development activities in their specific areas.

The reps are rotated about once each year so that they are familiar with all parts of the State.

In considering rural industrial development, there are two factors that often hinder us, and other state-wide developers, in bringing industry into rural areas.

One is the attitude of corporate management. The other is the attitude of the rural citizenry.

In other words, corporate management often seems to believe that the 1,000 employee plant must be located in larger communities that have a heavier population base.

This type of thinking must be changed, by some means, before significant strides in rural development can be made.

Here in Georgia if a rural town can meet the industry's requirements, and if the industry pays wages equal to, or higher than, the average for the community, then there is no question but that industry will get the labor force required.

To illustrate this industry attitude a step further—we often receive requests for location information which have a limitation that each community presented must be within 50 miles or not more than an hour's drive from a metropolitan area, and possibly from a major jet airport.

This again limits our objective of the location of jobs in the rural areas.

Here in Georgia, industry, generally, has located in the middle sections of the State, in Albany, and in Savannah and Brunswick on the coast.

Yet in terms of stable, and many times available work force and the overall cost of production, the southern portion of Georgia, actually, offers the greatest potential for industrial opportunities.

The other problem is the attitude of some rural citizens to include many farmers, toward obtaining new industry.

They believe that such actions might result in higher taxes for them, in order to buy industrial sites, basic services and other town improvements necessary to make the town more attractive to industry.

Also, there is the attitude of some existing industries that want to keep others out because of their fear of competition in wages and work force.

I can say that there is progress in this area because in the last four years, I have seen great advances across the State, on the part of small rural towns and communities in their enthusiasm to get into industrial development and secure new industry.

And, on the other side of the coin, a growing number of companies have adopted policies toward location of new plants in smaller rural communities.

But in the main, corporate management still needs and wants incentives to so locate, and rural Georgia cannot always afford to offer incentives. In fact, many times rural communities cannot even afford to obtain land and basic services without outside assistance.

So, if the rural urban balance is to be improved, then Federal funds, from some source must be made available to the rural towns and communities to assist in making themselves attractive and acceptable to industry.

Also, Federal funds or other incentives must be made available to industries to entice them into locating in the rural areas.

Turning to the APDS's, there is outstanding cooperation and coordination between the APDC's and our Department.

They have a major role in helping rural communities in their comprehensive land use planning.

And as far as I know, every one of their land use plans has been realistic and logical. The value of such plans to the rural community is a cornerstone for their future building.

The APDC's and Chambers assist our Department in gathering and keeping current information on every known industrial site and available industrial building in Georgia.

Our Research Division prints and distributes this information on data sheets, free of charge. (Samples are in your kit.)

This information is programmed into our computerized site selection system, and is made available to any company upon request.

Fact is, this system is so devised that when a company supplies us with its specific requirement, we can have, within 30 minutes, a print out of all communities in Georgia that can fill the requirements.

We developed this system about two years ago, and we were one of the first in the nation to have such a sophisticated program.

Also, the APDC's assist us in gathering information for our Economic Development Profiles. We have prepared EDP's on over 460 Georgia communities.

These, also, are printed and distributed at no cost to the recipient.

The profiles have been produced on every city or town having a population of 1,000 or more, and many times on communities under this population range.

The profiles give concise data, enabling corporate management to compare communities. Logically, during the first phases of their investigations.

As to Federal programs available, Georgia has received a larger share of EDA, SBA and FHA funds than many other States.

Even though the existing EDA procedures are cumbersome, time consuming and badly in need of streamlining, we do use these programs whenever and wherever possible.

In this regard, Senator Talmadge has been most helpful in his efforts in cutting through the red tape in approval of applications.

Without assistance such as his, approval time is six months to a year with the result that the prospect goes to another State, which often offers tax and other incentives, which we do not have.

Other programs with which we and the APDC's are cooperatively involved, and in which we are both well pleased, are the SBA's loan assistance programs.

We have had about 150 SBA "502" loans, involving job creating industrial projects finalized here in Georgia. Ellijay, alone, has had 13.

These SBA programs, according to our experience entail a minimum of bureaucratic procedure. And, commitments are made, generally, within two to four weeks after the complete application is submitted.

The only fault, as I see it, with the SBA program has been under funding.

I would like to see the limit extended from $350,000 to $1,000,000 on a loan, assuming sufficient funding can be provided.

The Coastal Plains and Appalachian Commissions have given us some assistance, but not particularly in industrial development. We require more assistance from them in the industrial development areas. We have, now, a Coastal Plains Kaolin Potential Study for Alumina Extraction from Kaolin in Georgia.

Hopefully, this State will recommend steps that can be undertaken to make the kaolin alumina extraction process competitive with bauxite processes.

Georgia could gain about $1½ billion industry complex, for some rural Georgia communities having kaolin deposits, if this study can come up with feasible answers.

Also, Congressional action, probably will be required on depletion allowances on final aluminum production.

In addition, there is a Coastal Plains trial, third level, air service project, now in operation between Atlanta, Statesboro, and Dublin.

And still another is a Coastal Plains study identifying 30 of the best industrial sites in the Coastal Plains geographical region of Georgia.

As an industrial development agency, and in partnership in efforts with the APDC's, and with other State-wide developers, we are most interested in this Sub-Committee's work.

We hope that your efforts will increase industrial productivity and acceptability of rural areas.

If proper incentives are authorized, and if proper paying jobs are thereby created in the rural areas by some means, there is no question but that some of the drop outs from schools and colleges and the majority of all type school graduates will remain in their rural communities to work and live.

Also, many of them out-migrated to larger cities in Georgia, and to other States will return.

I know this to be fact from the many, many contacts that I have made in rural areas throughout the State and the correspondence and comments which I have received from out-of-State.

There is another Department activity, which I mentioned, generally, earlier, and which indirectly supports rural development.

This is our nationwide advertising program which I direct and handle through an advertising agency.

Our present campaign used the slogan, GEORGIA, THE UNSPOILED.

Georgia has probably the best and most strict pollution control regulations and laws in the nation.

We, in the Department join others in seeing to it that the State stays relatively unpolluted, or as our slogan says, UNSPOILED.

The Department will work, only, with those industries looking for plant sites, that will accept and abide by Federal and Georgia State rules and regulations, regarding all types of pollution controls.

This applies, also, to expansions of existing industries when we are cognizant of such expansion, and we usually are.

In keeping with this policy, our current series of advertisement spotlights the various unspoiled aspects of our State, air, water, land, sea, recreation, and people. Three ads, in particular, emphasize the advantages of rural Georgia.

You have in your kit, samples of three of our ads which may be of interest to you.

I, personally, don't think anyone could find a greener, cleaner looking stretch of land than that shown on the land ad.

And the remarkable part, highlighted in the copy of the advertisement, is that there are over two million acres of similar land available in Georgia, some for industry and plenty more for quality family living, and vacationing.

The people ad is designed, especially, to emphasize the quality of workers that we have in Georgia and the kind of life they lead here.

The copy goes on to say that these people are willing to work, diligently, for an honest wage, and that practically every community in Georgia is within 50 miles, or less, of a Vocational Training School which will train the work force for new industry, at State expense.

Although, admittedly, I did not have this advertising program designed for rural area development, alone, it certainly encompasses rural areas.

What I want to accomplish, by our overall advertising program, is to attract industrial prospects to come to Georgia, and for them to see our Statae, our cities, our rural towns, and communities, our resources, and the profit potential, and many advantages which Georgia has to offer.

Also, if they are tourists, I want them to come to Georgia and stop and enjoy our many attractions, in our mountains, our flat lands, and many rivers and lakes, and our sea shores.

In summation, from an industrial development viewpoint:

1. We require assistance by making Federal funds available to rural towns and communities, for assistance in

   A. Acquiring industrial property with adequate water, sewerage, and roads to and in the property. This property, normally, should be under the operation of a local development authority so that industrial revenue bond financing could be used, if desired and county equipment and assistance could be used, where required.

   B. Construction of railroad spurs in industrial property, as incentives to industry.

   C. Facelifting of main streets, and other downtown areas, in order to make the rural towns more acceptable and attractive to industry.

2. Federal funds are required for training of the work force for new and expanding industries in rural areas, either in our 25 Vocational Technical Training Schools, or on the job training. This training would be in addition to that which is supplied, presently, by State funds.

3. Additional Federal funds should be made available for development of economic highways, so as to make rural areas more accessible, attractive, and acceptable to industry.

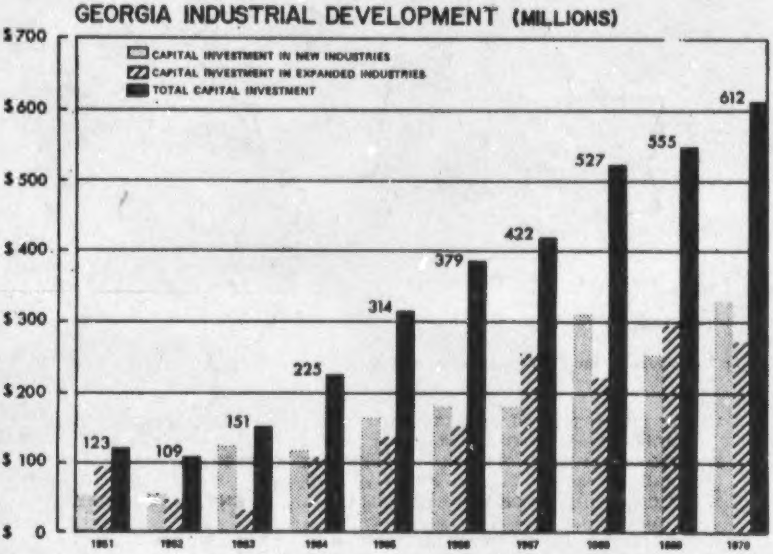
4. National tax incentives, depletion allowances, particularly kaolin, and other special location subsidies should be made available to industries locating or expanding in rural areas.

5. EDA programs should be more efficient, more timely and they should be expanded. SBA, Coastal Plains, and Appalachia Commissions should be funded and expanded further.

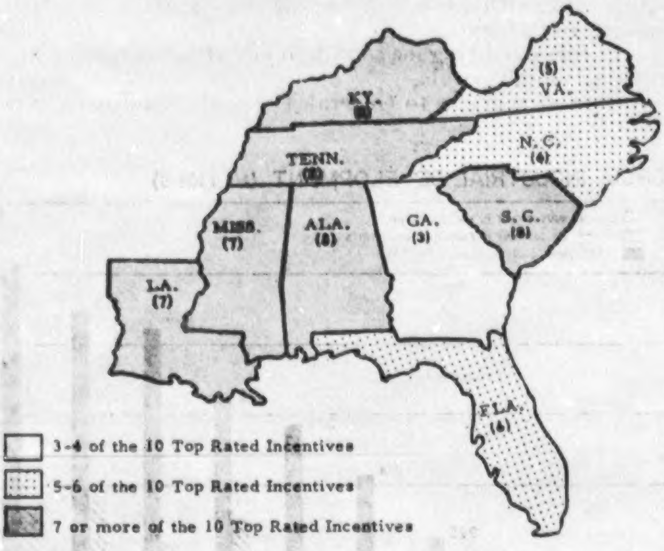
6. Other new financial methods should be developed for public and private investments, so as to support rural towns and community growth and services, with a result of making these areas more attractive to industry and tourists.

Many thanks for permitting me to talk to you about industrial and tourist development in Georgia.

(The chart and attachment to General Truman's statement are as follows:)



THE TEN MOST POPULAR PLANT LOCATION INCENTIVES


(5)
VA.
KY.
(8)
N.C.
(6)
TENN.
(8)
MISS.
(7)
ALA.
(8)
GA.
(3)
S.C.
(8)
LA.
(7)
FLA.
(6)
☐ 3-4 of the 10 Top Rated Incentives
⬚ 5-6 of the 10 Top Rated Incentives
▨ 7 or more of the 10 Top Rated Incentives

1. TAX EXEMPTION OR MORATORIUM LAND, CAPITAL IMPROVEMENTS
   (Ala., Tenn., S.C., Miss., La., Ky.)
2. TAX EXEMPTION ON MANUFACTURER'S INVENTORIES
   (Ala., Tenn., S.C., Fla., Miss., Ky.)
3. TAX EXEMPTION OR MORATORIUM ON EQUIPMENT, MACHINERY
   (Ala., Tenn., S.C., Miss., La., Ky.)
4. TAX EXEMPTION ON RAW MATERIALS USED IN MANUFACTURING
   (Ala., Tenn., N.C., S.C., Fla., Miss., La., Ky., Va.)
5. CORPORATE INCOME TAX EXEMPTION
   (Ala., Fla., La.)
6. SALES/USE TAX EXEMPTION ON NEW EQUIPMENT
   (Ga., Ala., Tenn., N.C., S.C., Ky., Va.)
7. INVENTORY TAX EXEMPTION ON GOODS IN TRANSIT (FREEPORT)
   (Tenn., N.C., S.C., Fla., Miss., La.)
8. STATE RIGHT-TO-WORK LAW
   (Ga., Ala., Tenn., N.C., S.C., Fla., Miss., Va.)
9. ACCELERATED DEPRECIATION OF INDUSTRIAL EQUIPMENT
   (N.C., Miss., La., Ky., Va.)
10. INCENTIVE FOR COMPLIANCE WITH POLLUTION CONTROL LAWS
   (Ga., Ala., Tenn., N.C., S.C., Fla., La., Va.)

(NOTE.—The following article was submitted for the record by Senator Allen.)

[Excerpt from Look magazine, July 13, 1971]

THE UNFINISHED BUSINESS OF AMERICA

(By George C. Wallace, Governor of Alabama)

I have great faith in the collective wisdom and judgment of the mass of the American people. I feel that by our 200th birthday, our country will have stabilized and settled down, and the small minority group that wants to destroy this society—a society that most people in other parts of the world would like to emulate—that their moment will have passed, because of the insistence of the American people that we get on and stop all of this attempt at violent change. People believe in change, but it ought to be done through the constitutional context that's open to anyone if he has a majority viewpoint.

I think we'll have a lot to celebrate, even with all the things happening that I don't like in our country. I've been critical of many actions of the Government, but no country has ever given as much blood or treasure in defense of freedom in the world as has the United States, with no territorial aggrandizement plans at all.

We can reach new heights in industrial production in five years; and by that time, we should change the tax structure. You're beginning to get a great hue and cry about these private foundations: people putting their wealth into foundations has resulted in higher taxes for the average workingman and businessman; and by 1976, I think we could have a more equitable tax structure to celebrate.

The people in this country, through their elected representatives, can put the Supreme Court in its place. They can have its authority to determine every phase and aspect of people's lives—they can have that authority limited.

And I think the problems of race will be accentuated in the large cities above the Mason-Dixon line, and more progress and good race relations will exist in the southern parts of the country, and that we Southerners will be praying that people in other parts of the country can solve their problems.

I think there could be an effort on the part of the Government to disperse industry, so that all of our population will not become one great urban mass on the Eastern Seaboard, or in the Los Angeles area, or around the Great Lakes. We must do this or we'll compound our economic and social problems; the abnormal growth of large urban areas without proper planning is not good.

I think industry and government at all levels can join together in an effort to clean up the environment, both air and water, with a reasonable approach. (Not the approach of some ecologists today who, if they closed down all industry, would put everybody out of work.)

I hope the country will realize in the immediate future that the optimism of some of the doves, in predicting that the Communists' strategic weapons buildup will slow down, has been false optimism, and that the Soviets are not only reaching parity but they're going to be superior.

The only way you can guarantee generations of peace is to be so strong militarily, offensively and defensively, that no nation would even do anything but *talk* with you. Now, we're fast approaching the point where they will do all the talking and we'll have to do the listening. * * *

So I hope that by 1976, this country would have overrun these extremist peace folks who themselves are causing a situation to exist where there will *be* no peace. And I hope that this big drive against the military-industrial complex will be seen for what it is. Now, as far as cost overruns and waste in defense go, I'm just as much against war profiteering as anybody else is; I've advocated a war-profits tax even now, in an undeclared war. But we cannot, because of profiteers, let our defenses get to the point where there'll be no profit for *anybody* in our country. I think everything else we've been talking about will be for naught if that happens.

Also, by 1976, the Government will have realized that it has failed in an attempt to run the public school systems of our states. The people will have demanded a return of local control and called for reason and logic to prevail instead of busing and social experimentation—this will be demanded on a non-discriminatory basis without mistreating any group of people.

By 1976, this nation's technology and industrial know-how can provide the consumer goods for the masses of our people and a high standard of living, and at the same time have us in such a superior position—defensively and offensively—that there can be no World War III.

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